

# **BATU KAWAN BERHAD**

196501000504 (6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
for the First Quarter ended 31 December 2023**

Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 December 2023.

## Condensed Consolidated Statement of Profit or Loss For the First Quarter ended 31 December 2023

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			3 months ended		
	31 December			31 December		
	2023	2022	+ / (-)	2023	2022	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,832,503	6,988,313	(16.5)	5,832,503	6,988,313	(16.5)
Operating expenses	(5,472,547)	(6,550,910)	(16.5)	(5,472,547)	(6,550,910)	(16.5)
Other operating income	149,091	294,983	(49.5)	149,091	294,983	(49.5)
Finance costs	(115,464)	(110,368)	4.6	(115,464)	(110,368)	4.6
Net impairment losses on						
financial assets	(7,530)	(534)	*	(7,530)	(534)	*
Share of results of associates	5,152	2,395	*	5,152	2,395	*
Share of results of joint ventures	(1,376)	9,142	N/M	(1,376)	9,142	N/M
<b>Profit before taxation</b>	<b>389,829</b>	<b>633,021</b>	<b>(38.4)</b>	<b>389,829</b>	<b>633,021</b>	<b>(38.4)</b>
Taxation	(120,493)	(125,624)	(4.1)	(120,493)	(125,624)	(4.1)
<b>NET PROFIT FOR THE PERIOD</b>	<b>269,336</b>	<b>507,397</b>	<b>(46.9)</b>	<b>269,336</b>	<b>507,397</b>	<b>(46.9)</b>
Profit attributable to:						
Equity holders of the Company	111,736	235,304	(52.5)	111,736	235,304	(52.5)
Non-controlling interests	157,600	272,093	(42.1)	157,600	272,093	(42.1)
	269,336	507,397	(46.9)	269,336	507,397	(46.9)
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	28.4	59.8		28.4	59.8	
Diluted	N/A	N/A		N/A	N/A	

\* More than 100%

N/M - Not meaningful

N/A - Not applicable

## Condensed Consolidated Statement of Other Comprehensive Income For the First Quarter ended 31 December 2023

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>269,336</b>	<b>507,397</b>	<b>269,336</b>	<b>507,397</b>
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	39,410	(287,479)	39,410	(287,479)
<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instrument	909	(9,046)	909	(9,046)
Remeasurement of defined benefit plans	(34)	-	(34)	-
	875	(9,046)	875	(9,046)
<b>Total other comprehensive income/(loss) for the period</b>	<b>40,285</b>	<b>(296,525)</b>	<b>40,285</b>	<b>(296,525)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>309,621</b>	<b>210,872</b>	<b>309,621</b>	<b>210,872</b>
Total comprehensive income attributable to:				
Equity holders of the Company	134,998	109,218	134,998	109,218
Non-controlling interests	174,623	101,654	174,623	101,654
	309,621	210,872	309,621	210,872

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2023.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2023**

(The figures have not been audited.)

	<b>At 31 December 2023 RM'000</b>	<b>At 30 September 2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	13,560,082	13,434,647
Right-of-use assets	1,385,586	1,386,506
Investment properties	32,042	30,372
Inventories	2,012,619	2,012,424
Goodwill on consolidation	472,619	461,665
Intangible assets	104,356	110,144
Investments in associates	2,785,586	2,317,427
Investments in joint ventures	275,778	242,282
Other investments	831,222	922,278
Other receivables	399,986	401,069
Deferred tax assets	516,671	492,716
Derivative financial assets	1,130	1,249
	<b>22,377,677</b>	<b>21,812,779</b>
<b>Current assets</b>		
Inventories	3,136,533	3,038,795
Biological assets	155,709	222,324
Trade and other receivables	3,653,360	3,638,516
Contract assets	69,608	74,489
Tax recoverable	251,257	236,006
Derivative financial assets	69,468	48,152
Short term funds	162,084	119,415
Cash and cash equivalents	2,851,908	2,717,057
	<b>10,349,927</b>	<b>10,094,754</b>
<b>TOTAL ASSETS</b>	<b>32,727,604</b>	<b>31,907,533</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2023.

## Condensed Consolidated Statement of Financial Position As at 31 December 2023

(The figures have not been audited.)

	<b>At 31 December 2023 RM'000</b>	<b>At 30 September 2023 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	2,186,770	2,088,432
Contract liabilities	139,399	135,224
Deferred income	8,578	8,656
Lease liabilities	27,346	28,306
Borrowings	2,957,067	2,894,693
Tax payable	60,572	42,022
Derivative financial liabilities	55,798	62,165
Dividend payable	382,880	-
	<b>5,818,410</b>	<b>5,259,498</b>
<b>Net current assets</b>	<b>4,531,517</b>	<b>4,835,256</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,154,091	1,146,043
Lease liabilities	151,137	155,219
Deferred income	79,581	81,633
Provision for retirement benefits	560,857	552,739
Derivative financial liabilities	248	21
Borrowings	7,829,132	7,514,568
	<b>9,775,046</b>	<b>9,450,223</b>
<b>Total liabilities</b>	<b>15,593,456</b>	<b>14,709,721</b>
<b>Net assets</b>	<b>17,134,148</b>	<b>17,197,812</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	507,587	507,587
Reserves	7,437,160	7,459,437
	<b>7,944,747</b>	<b>7,967,024</b>
Less: Cost of treasury shares	(113,109)	(113,109)
Total equity attributable to equity holders of the Company	<b>7,831,638</b>	<b>7,853,915</b>
Non-controlling interests	9,302,510	9,343,897
<b>Total equity</b>	<b>17,134,148</b>	<b>17,197,812</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,727,604</b>	<b>31,907,533</b>
Net assets per share attributable to equity holders of the Company (RM)	19.91	19.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2023.

## Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2023

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non- controlling interests	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 1 October 2023</b>	507,587	(113,109)	940,754	352,940	553,048	5,612,695	7,853,915	9,343,897	17,197,812
Total comprehensive income/(loss) for the period	-	-	55	22,886	(1,160)	113,217	134,998	174,623	309,621
Transactions with owners:									
Redemption of redeemable preference shares	-	-	525	-	-	(525)	-	-	-
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	77	77	21,858	21,935
Dividend Payable - FY2023 final	-	-	-	-	-	(157,352)	(157,352)	-	(157,352)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(12,340)	(12,340)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(225,528)	(225,528)
	-	-	525	-	-	(157,800)	(157,275)	(216,010)	(373,285)
<b>At 31 December 2023</b>	507,587	(113,109)	941,334	375,826	551,888	5,568,112	7,831,638	9,302,510	17,134,148

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2023.

## Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2023

(The figures have not been audited.)

	← Attributable to equity holders of the Company →							Non- controlling interests	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 1 October 2022</b>	507,587	(109,400)	934,853	181,402	579,179	-	5,573,565	7,667,186	9,264,281	16,931,467
Total comprehensive income/(loss) for the period	-	-	2,558	(119,153)	(4,555)	-	230,368	109,218	101,654	210,872
Transactions with owners:										
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	(51)	(51)
Shares buy back	-	(3,709)	-	-	-	-	-	(3,709)	-	(3,709)
Dividend payable - FY2022 final	-	-	-	-	-	-	(354,043)	(354,043)	-	(354,043)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(3,521)	(3,521)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(450,832)	(450,832)
	-	(3,709)	-	-	-	-	(354,043)	(357,752)	(454,404)	(812,156)
<b>At 31 December 2022</b>	507,587	(113,109)	937,411	62,249	574,624	-	5,449,890	7,418,652	8,911,531	16,330,183

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2023.

## Condensed Consolidated Statement of Cash Flows As at 31 December 2023

(The figures have not been audited.)

	3 months ended 31 December	
	2023	2022
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	389,829	633,021
Adjustments for:		
Non-cash items	298,932	212,061
Non-operating items	77,958	75,524
Operating cash flows before changes in working capital	766,719	920,606
Changes in working capital		
Net change in current assets	(45,242)	(20,881)
Net change in current liabilities	23,588	(228,217)
Cash flows generated from operations	745,065	671,508
Interest received	2,006	2,508
Interest paid	(66,588)	(53,565)
Tax paid	(137,126)	(171,508)
Retirement benefits paid	(10,806)	(11,102)
<b>Net cash flows generated from operating activities</b>	<b>532,551</b>	<b>437,841</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(408,504)	(338,381)
Purchase of right-of-use assets	(15,752)	(2,929)
Property development expenditure	(195)	(862)
Purchase of shares in associates	(434,592)	(16,050)
Purchase of shares in joint ventures	(11,396)	(2,179)
Purchase of shares from non-controlling interests	-	(51)
Development of Investment property	(1,682)	-
Purchase of other investments	-	(99,190)
Purchase of intangible assets	(118)	(176)
Proceeds from disposal of property, plant and equipment	12,677	1,463
Compensation from government on land acquired	12,777	42,036
Proceeds from disposal of subsidiaries	21,934	-
Proceeds from disposal of other investments	107,406	-
Proceeds from capital reduction from an associate	2,498	-
Repayment from joint ventures	-	47,012
Advances to investee companies	(15,081)	(756)
Net withdrawal of short term funds	(41,958)	(29,166)
Increase in other receivables	(956)	(3,938)
Dividends received	14,216	11,037
Interest received	26,189	14,675
<b>Net cash flows used in investing activities</b>	<b>(732,537)</b>	<b>(377,455)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2023.



## Condensed Consolidated Statement of Cash Flows As at 31 December 2023

(The figures have not been audited.)

	3 months ended 31 December	
	2023	2022
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Drawdown of term loans	517,553	115,086
Repayment of Islamic Medium Term Notes	-	(139,767)
Repayment of term loans	(221,213)	-
Lease payments	(6,143)	(4,976)
Net drawdown of short term borrowings	153,612	318,304
Dividends paid to non-controlling interests	(12,340)	(3,521)
Shares buy back	-	(3,709)
<b>Net cash flows from financing activities</b>	<b>431,469</b>	<b>281,417</b>
<b>Net increase in cash and cash equivalents</b>	231,483	341,803
Effects of exchange rate changes	(12,503)	(60,315)
Cash and cash equivalents at beginning of year	2,632,928	3,031,289
<b>Cash and cash equivalents at end of year</b>	<b>2,851,908</b>	<b>3,312,777</b>
Cash and cash equivalents at 31 December is represented by:		
Deposits with licensed banks	853,448	981,469
Money market funds	900,979	1,353,541
Cash and bank balances	1,097,481	1,172,651
Bank overdrafts	-	(194,884)
	<b>2,851,908</b>	<b>3,312,777</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2023.

## Notes to Interim Financial Report

### **A. Explanatory Notes as required by Malaysian Financial Reporting Standard (“MFRS”) 134**

#### **A1. Statement of compliance**

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements.

#### **A2. Accounting policies**

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2023. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2023 except for the adoption of the following standards, interpretation and amendments to MFRSs:

##### ***New MFRS and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023***

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- *Initial Application of MFRS 17 and MFRS 9 - Comparative Information* (Amendments to MFRS 17 Insurance Contracts)
- *Disclosure of Accounting Policies* (Amendments to MFRS 101 Presentation of Financial Statements)
- *Definition of Accounting Estimates* (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to MFRS 112 Income Taxes)

The application of these amendments to MFRSs has no significant effect to the financial statements of the Group.

#### **A3. Seasonal and cyclical operations**

The Group’s plantation operations are affected by seasonal crop production, weather conditions and fluctuations in commodity prices.

#### **A4. Unusual items**

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

#### **A5. Material changes in estimates**

There were no significant changes in the amounts of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

#### **A6. Issuance and repayment of debt and equity securities**

There were no issuances and repayments of debt securities, share buybacks, share cancellations or resale of treasury shares during the quarter ended 31 December 2023.

#### **A7. Dividends paid**

No dividend had been paid during the current quarter ended 31 December 2023 (31 December 2022: Nil).

**A8. Segment information**

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

a) Segment revenue and results

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended</b>						
<b>31 December 2023</b>						
Revenue						
External revenue	967,617	4,652,769	70,325	141,792	-	5,832,503
Inter-segment revenue	439,969	8,111	-	22,749	(470,829)	-
Total revenue	<u>1,407,586</u>	<u>4,660,880</u>	<u>70,325</u>	<u>164,541</u>	<u>(470,829)</u>	<u>5,832,503</u>
Results						
Operating results	378,936	74,856	13,066	46,792	(12,133)	501,517
Finance costs	(4,336)	(36,859)	(978)	(85,424)	12,133	(115,464)
Share of results of associates	1,332	3,729	(1)	92	-	5,152
Share of results of joint ventures	-	(1,435)	-	59	-	(1,376)
Segment results	<u>375,932</u>	<u>40,291</u>	<u>12,087</u>	<u>(38,481)</u>	<u>-</u>	<u>389,829</u>
Profit before taxation						<u>389,829</u>
<b>3 months ended</b>						
<b>31 December 2022</b>						
Revenue						
External revenue	997,577	5,766,299	30,955	193,482	-	6,988,313
Inter-segment revenue	390,048	8,816	-	75,158	(474,022)	-
Total revenue	<u>1,387,625</u>	<u>5,775,115</u>	<u>30,955</u>	<u>268,640</u>	<u>(474,022)</u>	<u>6,988,313</u>
Results						
Operating results	342,881	322,781	9,646	70,783	(14,239)	731,852
Finance costs	(5,068)	(35,007)	(481)	(84,051)	14,239	(110,368)
Share of results of associates	536	1,874	(51)	36	-	2,395
Share of results of joint ventures	-	4,707	-	4,435	-	9,142
Segment results	<u>338,349</u>	<u>294,355</u>	<u>9,114</u>	<u>(8,797)</u>	<u>-</u>	<u>633,021</u>
Profit before taxation						<u>633,021</u>

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2023</b>					
Operating assets	11,798,241	11,644,977	2,773,230	2,681,864	28,898,312
Associates	30,385	104,009	5,306	2,645,886	2,785,586
Joint ventures	-	63,997	-	211,781	275,778
Segment assets	<u>11,828,626</u>	<u>11,812,983</u>	<u>2,778,536</u>	<u>5,539,531</u>	<u>31,959,676</u>
Tax assets					<u>767,928</u>
Total assets					<u>32,727,604</u>
<b>At 30 September 2023</b>					
Operating assets	11,685,333	11,470,924	2,716,803	2,746,042	28,619,102
Associates	29,052	99,630	7,805	2,180,940	2,317,427
Joint ventures	-	66,063	-	176,219	242,282
Segment assets	<u>11,714,385</u>	<u>11,636,617</u>	<u>2,724,608</u>	<u>5,103,201</u>	<u>31,178,811</u>
Tax assets					<u>728,722</u>
Total assets					<u>31,907,533</u>

c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2023</b>					
Segment liabilities	1,197,958	4,235,435	304,407	8,258,113	13,995,913
Tax liabilities					1,214,663
Dividend payable					382,880
Total liabilities					15,593,456
<b>At 30 September 2023</b>					
Segment liabilities	1,305,344	4,298,902	279,233	7,638,177	13,521,656
Tax liabilities					1,188,065
Total liabilities					14,709,721

**A9. Material Event Subsequent to Reporting Date**

On 5 February 2024, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLK"), served a notice of unconditional voluntary take-over offer on the Board of Directors of KLK Sawit Nusantara Berhad ("KSN") informing KLK's intention to acquire all the remaining 40,238,161 ordinary shares in KSN, representing approximately 4.57% of the total issued shares of KSN, not already held by KLK for a cash offer price of RM3.42 per share.

The acquisition will not have any material effect on the Company's share capital, the shareholdings of the Company's substantial shareholders, the net assets and the gearing of the Group nor the earnings of the Group for the financial year ending 30 September 2024.

**A10. Changes in composition of the Group**

There were no other changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the current quarter under review except for the following:

- (a) On 12 September 2023, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLK"), entered into a share sale agreement with Alami Commodities Sdn Bhd to dispose 35% of equity share in a wholly-owned subsidiary, KLK Golden Oils Sdn Bhd ("KLKGO"), for a cash consideration of RM21.9 million. After completion of disposal of shares on 6 December 20223, KLK's shareholdings in KLKGO decreased to 65%.
- (b) On 19 December 2023, the Company's wholly-owned subsidiary, Whitmore Holdings Sdn Bhd ("WHSB") had disposed the following companies to a group subsidiary, KLK Plantations and Trading Pte Ltd ("KLKPT"):
  - (i) 92% equity interest in PT Satu Sembilan Delapan ("SSD") for cash consideration of RM262.7 million; and
  - (ii) 90% equity interest in PT Tekukur Indah ("TKI") for cash consideration of RM12.4 million.

SSD is a limited liability company duly established and existing under the laws of the Republic of Indonesia. The principal activities of SSD are the operation of oil palm plantations and a palm oil mill in Berau region, Indonesia.

TKI is a limited liability company duly established and existing under the laws of the Republic of Indonesia. The principal activity of TKI is the operation of oil palm plantations in Berau region, Indonesia.

The restructuring will streamline and consolidate the plantation estates of the Group. The strategic proximity of SSD and TKI with KLK Group's existing estates will provide synergies and boost operational efficiencies of KLK Group's operations in East Kalimantan. Furthermore, SSD and TKI will be the source of feedstock for KLK Group's upcoming refinery and oleo complex in East Kalimantan due to its proximity.

These changes in composition of the Group will not have any material effect on the Company's share capital, the shareholding of the Company's substantial shareholders, the net assets and the gearing of the Group nor the earnings of the Group for the financial year ending 30 September 2024.

**A11. Changes in contingent liabilities and contingent assets**

There were no material changes in the contingent liabilities or contingent assets since the last annual financial statements for the year ended 30 September 2023.

**A12. Capital commitments**

At the end of the reporting period, the Group's capital commitments were as follows:

	At 31 December 2023 RM'000	At 30 September 2023 RM'000
<b>Capital expenditure</b>		
Approved and contracted	1,133,577	1,018,306
Approved but not contracted	1,197,615	1,579,127
	<u>2,331,192</u>	<u>2,597,433</u>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	39,810	31,194

**A13. Significant Related Party Transactions**

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	3 months ended 31 December	
	2023 RM'000	2022 RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	77,214	230,496
Purchase of goods	377,005	496,618
Service charges paid	418	354
Research and development services paid	2,370	2,130
b) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
<b>Sales of goods</b>		
Chlor-Al Chemical Pte Ltd	7,242	5,120
Taiko Acid Works Sdn Bhd	2,386	3,007
Taiko Marketing (S) Pte Ltd	9,924	463
Taiko Marketing Sdn Bhd	42,635	64,945
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	1,226	1,123
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	1,801	1,733
Bukit Katho Estate Sdn Bhd	2,355	2,289
Chlor-Al Chemical Pte Ltd	32,854	-
Kampar Rubber & Tin Co Sdn Bhd	3,012	3,063
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	12,419	3,113
Malay Rubber Plantations (M) Sdn Bhd	3,866	3,724
PT Agro Makmur Abadi	25,771	21,768
PT Java Taiko Mineralindo	800	123
PT Safari Riau	12,275	12,918
Taiko Clay Marketing Sdn Bhd	1,516	1,893
Taiko Drum Industries Sdn Bhd	569	513
Taiko Marketing (S) Pte Ltd	-	11,425
Taiko Marketing Sdn Bhd	13,612	16,847
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	804	712

	<b>3 months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
c) Transactions between subsidiaries and their non-controlling interests:		
<b>Sales of goods</b>		
Mitsui & Co Ltd	112,839	131,531
Mitsui & Co (Malaysia) Sdn Bhd	3,327	-
Mitsui & Co (USA) Sdn Bhd	1,764	-
<b>Purchases of goods</b>		
PT Tanjung Bina Lestari	-	3,426
PT Kimia Tirta Utama	-	22,430
PT Sawit Asahan Indah	-	2,553
PT Tanjung Sarana Lestari	340,125	352,520
<b>Rental of land</b>		
PT Perkebunan Nusantara II	5,417	6,675

**B1. Detailed analysis of performance**

**1<sup>st</sup> Quarter FY2024 vs 1<sup>st</sup> Quarter FY2023**

	<b>Quarter Ended</b>		<b>Changes</b>
	<b>31 December</b>		
	<b>2023</b>	<b>2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	5,832,503	6,988,313	(16.5)
Segment results:			
Plantation	375,932	338,349	11.1
Manufacturing	40,291	294,355	(86.3)
Property development	12,087	9,114	32.6
Investment holding/Others	(38,481)	(8,797)	N/M
Profit before taxation	389,829	633,021	(38.4)

N/M - not meaningful

The Group's pre-tax profit for the current quarter was 38.4% lower at RM389.83 million (1Q2023: RM633.02 million) on a 16.5% lower revenue at RM5.83 billion (1Q2023: RM6.99 billion). Comments on the respective business segments are as follows:

**Plantation's** profit was 11.1% higher at RM375.93 million (1Q2023: RM338.35 million) mainly due to higher CPO and PK sales volume and lower CPO production cost, coupled with net gain of RM1.01 million (1Q2023: RM69.47 million net loss) from fair value changes on outstanding derivatives contracts. However, the increase in profit was partially offset by lower CPO and PK selling prices and fair value loss of RM9.50 million (1Q2023: RM6.61 million gain) on unharvested fresh fruit bunches valuation.

**Manufacturing's profit** dipped 86.3% to RM40.29 million (1Q2023: RM294.36 million profit) on the back of 19.3% lower revenue at RM4.65 billion (1Q2023: RM5.77 billion) mainly due to loss incurred in the Oleochemical division from eroded profit margin and lower profit contributions from refineries and kernel crushing operations. Industrial Chemical division's profit was 59.3% lower at RM16.90 million (1Q2023: RM41.50 million) from lower selling prices and sales volume coupled with higher production costs.

**Property Development's** profit was 32.6% at RM12.09 million (1Q2023: RM9.11 million) supported by higher revenue at RM70.33 million (1Q2023: RM30.96 million).

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation gain of RM4.70 million (1Q2023: RM60.01 million loss) on inter-company loans and bank deposits denominated in foreign currencies and a surplus on sale of land and government acquisition amounted to RM17.67 million (1Q2023: RM42.69 million surplus). Farming sector recorded lower profit of RM7.65 million (1Q2023: RM62.74 million profit) on lower sales volume from lower crop production which was affected by adverse weather condition.

**B2. Comparison of current quarter's results to the preceding quarter**  
**1<sup>st</sup> Quarter FY2024 vs 4<sup>th</sup> Quarter FY2023**

	Quarter Ended		Changes %
	31 December 2023 RM'000	30 September 2023 RM'000	
Revenue	5,832,503	6,003,527	(2.8)
Segment results:			
Plantation	375,932	426,042	(11.8)
Manufacturing	40,291	(84,119)	*
Property development	12,087	14,784	(18.2)
Investment holding/Others	(38,481)	(170,976)	N/M
Profit before taxation	389,829	185,731	*

\* More than 100%  
N/M - not meaningful

For the current quarter, the Group's pre-tax profit jumped more than two-fold to RM389.83 million as compared to RM185.73 million reported in the preceding quarter, despite slightly lower revenue at RM5.83 billion (4Q2023: RM6.00 billion). Comments on the respective business segments are as follows:

Notwithstanding the flat CPO selling price, **Plantation's** profit was 11.8% lower at RM375.93 million (4Q2023: RM426.04 million) mainly from higher CPO production cost and a fair value loss of RM9.50 million (4Q2023: RM34.77 fair value gain) on unharvested fresh fruit bunches valuation. However, the decrease in profit was mitigated by higher CPO and PK sales volumes coupled with higher PK selling price.

Despite 6.2% lower revenue at RM4.65 billion (4Q2023: RM4.96 billion), **Manufacturing** segment returned to a profit before tax of RM40.29 million (4Q2023: RM84.12 million loss) mainly due to higher profit reported by refineries and kernel crushing operations and lesser loss from the Oleochemical division. Industrial Chemical division's profit was 13.8% lower at RM16.90 million (4Q2023: RM19.60 million) from lower sales volume and higher production costs.

**Property Development's** profit decreased 18.2% to RM12.09 million (4Q2023: RM14.78 million) mainly due to recognition of profit from phases with lower gross margin, despite 3.4% higher revenue of RM70.33 million (4Q2023: RM68.01 million).

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation gain of RM5.24 million (4Q2023: RM52.25 million loss) on inter-company loans denominated in foreign currencies, surplus of RM17.67 million (4Q2023: RM3.82 million surplus) from sale of land and government acquisitions; and Farming sector reported a profit of RM7.65 million (4Q2023: RM12.01 million loss) on harvest and sales of crop. Previous quarter also recorded a share of equity loss of RM24.61 million from an overseas associate, Synthomer plc.

**B3. Prospects**

Crude palm oil ("CPO") prices may likely trend above RM3,800/mt next quarter underpinned by anticipated effect of El-Nino reducing production and expected tightening stocks during Ramadhan season. The Group's Plantation segment remains focused on improving productivity and yields through various site-specific strategies.

The Group's Manufacturing segment, especially Oleochemical division which reported weak results, continues to face soft consumer demand, high interest rates and competitive pressures apart from on-going geopolitical uncertainties impacting global trade. Nevertheless, the Oleochemical division expects stronger consumer demand in Europe and South-East Asia the next quarter, and the division continues to focus on both plant utilisation and costs to enhance profitability. Product prices for the Group's Industrial Chemical division have fallen due to weaker regional demand but higher plant operating rates are anticipated with resumption of demand from a major customer. While raw material prices have moderated, energy costs are likely to remain elevated.

Overall, the Group is cautiously optimistic about its financial performance for the financial year 2024, with the anticipated recovery of the Manufacturing segment.

**B4. Variance of actual profit from forecast profit**

The Group did not issue any forecast profit or profit guarantee during the current financial year to-date.

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	49,403	52,240	49,403	52,240
Overseas taxation	77,322	54,462	77,322	54,462
	<u>126,725</u>	<u>106,702</u>	<u>126,725</u>	<u>106,702</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(6)	(1,402)	(6)	(1,402)
Overseas taxation	13,004	15,529	13,004	15,529
	<u>12,998</u>	<u>14,127</u>	<u>12,998</u>	<u>14,127</u>
Deferred tax				
Origination and reversal of temporary differences	(19,740)	16,289	(19,740)	16,289
Under/(Over) provision in respect of previous years	510	(11,494)	510	(11,494)
	<u>(19,230)</u>	<u>4,795</u>	<u>(19,230)</u>	<u>4,795</u>
	<u>120,493</u>	<u>125,624</u>	<u>120,493</u>	<u>125,624</u>



**Reconciliation of effective taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	389,829	633,021	389,829	633,021
Taxation at Malaysia income tax rate of 24% (FY2022: 24%)	93,559	151,925	93,559	151,925
Effect of different tax rates in foreign jurisdiction	(7,112)	(11,648)	(7,112)	(11,648)
Withholding tax on foreign dividend and interest income	11,292	4,423	11,292	4,423
Expenses not deductible for tax purposes	25,656	31,858	25,656	31,858
Tax exempt and non-taxable income	(28,658)	(29,949)	(28,658)	(29,949)
Tax incentives	(1,309)	(2,424)	(1,309)	(2,424)
Deferred tax assets not recognised during the period	2,431	656	2,431	656
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,467)	(20,716)	(1,467)	(20,716)
Tax effect on associates' and joint ventures' results	(906)	(2,769)	(906)	(2,769)
Under provision of tax expense in respect of previous years	12,998	14,127	12,998	14,127
Under/(Over) provision of deferred tax in respect of previous years	510	(11,494)	510	(11,494)
Others	13,499	1,635	13,499	1,635
Tax expense	120,493	125,624	120,493	125,624

**B6. Status of corporate proposals**

There were no corporate proposals announced.

**B7. Group borrowings**

As at the end of the reporting period, the Group's borrowings were as follows:

	At 31 December 2023								
	Long Term		Short Term		Total Borrowings				
	Foreign	RM	Foreign	RM	Foreign	RM			
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	1,023	5,189	Euro	1,496	7,586	Euro	2,519	12,775
<u>Unsecured</u>									
Revolving credit		-	-	Euro	80,000	405,720	Euro	80,000	405,720
		-	-	AUD	17,000	53,205	AUD	17,000	53,205
		-	-	GBP	68,500	400,718	GBP	68,500	400,718
	USD	13,545	62,402	USD	14,290	65,736	USD	27,835	128,138
		-	-		-	95,000		-	95,000
Trade financing		-	-	USD	28,389	130,446	USD	28,389	130,446
		-	-	Euro	28,315	143,599	Euro	28,315	143,599
		-	-		-	1,212,229		-	1,212,229
Term loans		-	-	USD	30,000	137,850	USD	30,000	137,850
	Euro	32,935	167,028	Euro	1,479	7,500	Euro	34,414	174,528
		-	-	AUD	1,326	4,149	AUD	1,326	4,149
		-	-	RMB	70,000	45,304	RMB	70,000	45,304
		-	1,494,513		-	123,301		-	1,617,814
Banker's acceptance		-	-		-	124,724		-	124,724
Islamic medium		-	-		-	-		-	-
term notes		-	6,100,000		-	-		-	6,100,000
<b>Total</b>		-	7,829,132		-	2,957,067		-	10,786,199

	At 31 December 2022								
	Long Term		Short Term		Total Borrowings				
	Foreign	RM	Foreign	RM	Foreign	RM			
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	1,869	8,812	Euro	1,269	5,985	Euro	3,138	14,797
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	41,332	194,884	Euro	41,332	194,884
Revolving credit		-	-	Euro	45,000	212,180	Euro	45,000	212,180
		-	-	AUD	23,000	69,037	AUD	23,000	69,037
		-	-	GBP	27,000	143,899	GBP	27,000	143,899
		-	-		-	69,800		-	69,800
Trade financing		-	-	USD	72,009	317,200	USD	72,009	317,200
		-	-		-	533,692		-	533,692
Term loans	USD	42,650	187,969	USD	46,550	205,403	USD	89,200	393,372
	Euro	30,000	141,453	Euro	29,000	136,855	Euro	59,000	278,308
		-	-	RMB	103,000	65,776	RMB	103,000	65,776
		-	1,214,690		-	3,492		-	1,218,182
Banker's acceptance		-	-	USD	1,582	6,956	USD	1,582	6,956
		-	-		-	595,178		-	595,178
Islamic medium		-	-		-	-		-	-
term notes		-	6,100,000		-	500,000		-	6,600,000
<b>Total</b>		-	7,652,924		-	3,060,337		-	10,713,261

Exchange Rates Applied	At 31 December	
	2023	2022
USD / RM	4.5950	4.4050
Euro / RM	5.0715	4.7151
RMB / RM	0.6472	0.6386
GBP / RM	5.8499	5.3296
AUD / RM	3.1297	3.0016

**B8. Derivative financial instruments**

The Group has entered into forward foreign exchange contracts as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

The interest rate swap contracts are entered into to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The commodity swap contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movement in the methane gas futures.

As at 31 December 2023, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	<b>Contract / Notional value Net long/(short) RM'000</b>	<b>Fair value Net gains/(losses) RM'000</b>
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,644,636)	21,207
b) Commodity futures contracts:		
- Less than 1 year	99,155	(4,983)
c) Interest rate swap contracts:		
- Less than 1 year	7,328	272
- 1 year to 3 years	8,639	507
- more than 3 years	6,714	623
d) Commodity swap contracts:		
- Less than 1 year	(8,900)	(2,826)
- 1 year to 3 years	(1,071)	(248)

Derivative financial instruments are recognised at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the period ended 31 December 2023, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

**B9. Fair value changes of financial liabilities**

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

**B10. Material Litigation**

There was no pending material litigation as at the date of this report.

**B11. Dividend**

a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2023 (31 December 2022: Nil).

b) Total dividend for the current financial year to-date is Nil (31 December 2022: Nil).

**B12. Earnings Per Share**

*Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net profit for the period attributable to equity holders of the Company (RM'000)	111,736	235,304	111,736	235,304
Weighted average number of shares ('000)	393,381	393,506	393,381	393,506
Earnings per share (sen)	28.4	59.8	28.4	59.8

**B13. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2023 was not subject to any qualifications.

**B14. Condensed Consolidated Statement of Profit or Loss**

Profit before taxation for the period is arrived at after charging/(crediting) the following items:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(22,975)	(23,295)	(22,975)	(23,295)
Dividend income	(14,169)	(11,549)	(14,169)	(11,549)
Other income	(35,492)	(31,466)	(35,492)	(31,466)
Interest expense	115,464	110,368	115,464	110,368
Depreciation and amortisation	274,124	259,453	274,124	259,453
(Write-back) and provision for/write-off of receivables	(494)	1,712	(494)	1,712
Provision for/(Reversal of provision for) inventories	5,817	(9,233)	5,817	(9,233)
Surplus on disposal of land	(5,900)	(807)	(5,900)	(807)
Surplus arising from government acquisition of land	(11,767)	(41,882)	(11,767)	(41,882)
Foreign exchange loss	51,264	149,222	51,264	149,222
Gain on derivatives	(61,755)	(10,639)	(61,755)	(10,639)
Exceptional items	-	-	-	-

By Order of the Board  
GOH SWEE ENG  
YAP MIOW KIEN  
CHIEW CINDY  
Company Secretaries

20 February 2024