

# **BATU KAWAN BERHAD**

196501000504 (6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
for the Second Quarter ended 31 March 2024**

Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2024.

## Condensed Consolidated Statement of Profit or Loss For the Second Quarter ended 31 March 2024

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			6 months ended		
	31 March			31 March		
	2024	2023	+ / (-)	2024	2023	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,660,490	6,310,762	(10.3)	11,492,993	13,299,075	(13.6)
Operating expenses	(5,231,498)	(5,859,461)	(10.7)	(10,704,045)	(12,410,371)	(13.7)
Other operating income	40,966	166,707	(75.4)	190,057	461,690	(58.8)
Finance costs	(111,042)	(110,054)	0.9	(226,506)	(220,422)	2.8
Net (impairment losses)/ reversals of impairment on financial assets	(4,165)	930	N/M	(11,695)	396	N/M
Share of results of associates	(82,631)	(157,365)	(47.5)	(77,479)	(154,970)	(50.0)
Share of results of joint ventures	(751)	(9,572)	(92.2)	(2,127)	(430)	*
<b>Profit before taxation</b>	<b>271,369</b>	<b>341,947</b>	<b>(20.6)</b>	<b>661,198</b>	<b>974,968</b>	<b>(32.2)</b>
Taxation	(89,682)	(80,633)	11.2	(210,175)	(206,257)	1.9
<b>NET PROFIT FOR THE PERIOD</b>	<b>181,687</b>	<b>261,314</b>	<b>(30.5)</b>	<b>451,023</b>	<b>768,711</b>	<b>(41.3)</b>
Profit attributable to:						
Equity holders of the Company	84,720	120,052	(29.4)	196,456	355,356	(44.7)
Non-controlling interests	96,967	141,262	(31.4)	254,567	413,355	(38.4)
	181,687	261,314	(30.5)	451,023	768,711	(41.3)
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	21.5	30.5		49.9	90.3	
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 Second Quarter ended 31 March 2024

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>181,687</b>	<b>261,314</b>	<b>451,023</b>	<b>768,711</b>
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	31,743	247,002	71,153	(40,477)
Share of other comprehensive (loss)/income in associates	(15,477)	42,407	(15,477)	42,407
	16,266	289,409	55,676	1,930
<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instrument	54,578	55,461	55,487	46,415
Share of other comprehensive income/(loss) in associates	2,384	(21,153)	2,384	(21,153)
Share of other comprehensive loss in joint ventures	(318)	-	(318)	-
Remeasurement of defined benefit plans	-	-	(34)	-
	56,644	34,308	57,519	25,262
<b>Total other comprehensive income for the period</b>	<b>72,910</b>	<b>323,717</b>	<b>113,195</b>	<b>27,192</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>254,597</b>	<b>585,031</b>	<b>564,218</b>	<b>795,903</b>
Total comprehensive income attributable to:				
Equity holders of the Company	118,199	267,815	253,197	377,033
Non-controlling interests	136,398	317,216	311,021	418,870
	254,597	585,031	564,218	795,903

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 March 2024**

(The figures have not been audited.)

	At 31 March 2024 <u>RM'000</u>	At 30 September 2023 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	13,780,508	13,434,647
Right-of-use assets	1,388,777	1,386,506
Investment properties	34,208	30,372
Inventories	2,014,847	2,012,424
Goodwill on consolidation	464,550	461,665
Intangible assets	96,752	110,144
Investments in associates	2,728,137	2,317,427
Investments in joint ventures	272,000	242,282
Other investments	895,631	922,278
Other receivables	412,427	401,069
Deferred tax assets	523,042	492,716
Derivative financial assets	1,085	1,249
	<u>22,611,964</u>	<u>21,812,779</u>
<b>Current assets</b>		
Inventories	3,084,151	3,038,795
Biological assets	152,036	222,324
Trade and other receivables	3,445,492	3,638,516
Contract assets	73,446	74,489
Tax recoverable	264,375	236,006
Derivative financial assets	68,151	48,152
Short term funds	36,599	119,415
Cash and cash equivalents	3,029,044	2,717,057
	<u>10,153,294</u>	<u>10,094,754</u>
<b>TOTAL ASSETS</b>	<b><u>32,765,258</u></b>	<b><u>31,907,533</u></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 March 2024

(The figures have not been audited.)

	<b>At 31 March 2024</b>	<b>At 30 September 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,957,882	2,088,432
Contract liabilities	108,961	135,224
Deferred income	8,579	8,656
Lease liabilities	28,146	28,306
Borrowings	3,260,641	2,894,693
Tax payable	37,874	42,022
Derivative financial liabilities	60,615	62,165
	<b>5,462,698</b>	<b>5,259,498</b>
<b>Net current assets</b>	<b>4,690,596</b>	<b>4,835,256</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,143,650	1,146,043
Lease liabilities	150,259	155,219
Deferred income	77,423	81,633
Provision for retirement benefits	555,602	552,739
Derivative financial liabilities	352	21
Borrowings	8,045,766	7,514,568
	<b>9,973,052</b>	<b>9,450,223</b>
<b>Total liabilities</b>	<b>15,435,750</b>	<b>14,709,721</b>
<b>Net assets</b>	<b>17,329,508</b>	<b>17,197,812</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	507,587	507,587
Reserves	7,564,499	7,459,437
	<b>8,072,086</b>	<b>7,967,024</b>
Less: Cost of treasury shares	(116,933)	(113,109)
Total equity attributable to equity holders of the Company	<b>7,955,153</b>	<b>7,853,915</b>
Non-controlling interests	9,374,355	9,343,897
<b>Total equity</b>	<b>17,329,508</b>	<b>17,197,812</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,765,258</b>	<b>31,907,533</b>
Net assets per share attributable to equity holders of the Company (RM)	20.23	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 Second Quarter ended 31 March 2024

(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 for the period	-	-	310	28,735	25,226	198,926	253,197	311,021	564,218
Transactions with owners:									
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	3,150	3,150
Redemption of redeemable preference shares	-	-	525	-	-	(525)	-	-	-
Effect of changes in shareholdings in subsidiaries	-	-	2,829	2,059	1,275	13,286	19,449	(124,107)	(104,658)
Realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	-	(10,232)	-	-	(10,232)	-	(10,232)
Shares buy back	-	(3,824)	-	-	-	-	(3,824)	-	(3,824)
Dividend Paid - FY2023 final	-	-	-	-	-	(157,352)	(157,352)	-	(157,352)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(159,606)	(159,606)
	-	(3,824)	3,354	(8,173)	1,275	(144,591)	(151,959)	(280,563)	(432,522)
<b>At 31 March 2024</b>	507,587	(116,933)	944,418	373,502	579,549	5,667,030	7,955,153	9,374,355	17,329,508

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 Second Quarter ended 31 March 2024

(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 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 for the period	-	-	4,081	10,761	20,803	341,388	377,033	418,870	795,903
Transactions with owners:									
Purchase of shares from non-controlling interests	-	-	-	(52)	-	1,270	1,218	(9,660)	(8,442)
Effect of changes in shareholdings in subsidiaries	-	-	(206)	(55)	(99)	(1,179)	(1,539)	412	(1,127)
Acquisition through business combination	-	-	-	-	-	-	-	13,179	13,179
Shares buy back	-	(3,709)	-	-	-	-	(3,709)	-	(3,709)
Employees' share grant scheme	-	-	-	-	-	-	-	5,830	5,830
Dividend paid - FY2022 final	-	-	-	-	-	(354,043)	(354,043)	-	(354,043)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(513,023)	(513,023)
	-	(3,709)	(206)	(107)	(99)	(353,952)	(358,073)	(503,262)	(861,335)
<b>At 31 March 2023</b>	507,587	(113,109)	938,728	192,056	599,883	5,561,001	7,686,146	9,179,889	16,866,035

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 March 2024

(The figures have not been audited.)

	6 months ended 31 March	
	2024	2023
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	661,198	974,968
Adjustments for:		
Non-cash items	646,691	602,175
Non-operating items	163,867	156,168
Operating cash flows before changes in working capital	1,471,756	1,733,311
Changes in working capital		
Net change in current assets	275,476	985,453
Net change in current liabilities	(150,558)	(338,835)
Cash flows generated from operations	1,596,674	2,379,929
Interest received	6,214	7,481
Interest paid	(266,716)	(240,857)
Tax paid	(280,505)	(426,398)
Retirement benefits paid	(33,025)	(23,192)
<b>Net cash flows generated from operating activities</b>	<b>1,022,642</b>	<b>1,696,963</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(893,979)	(670,119)
Purchase of right-of-use assets	(28,990)	(11,173)
Property development expenditure	(2,423)	(1,388)
Purchase of shares in a subsidiary, net of cash	-	(106,650)
Purchase of shares in associates	(443,083)	(16,391)
Purchase of shares in joint ventures	(11,479)	(4,815)
Purchase of shares from non-controlling interests	(126,593)	(8,442)
Development of Investment property	(3,843)	-
Purchase of other investments	-	(99,190)
Purchase of intangible assets	(1,021)	(324)
Proceeds from disposal of property, plant and equipment	16,818	6,178
Compensation from government on land acquired	13,934	42,036
Proceeds from partial disposal of shares in a subsidiary	21,933	-
Proceeds from disposal of other investments	107,406	99,865
Proceeds from capital reduction from an associate	2,498	-
Repayment from joint ventures	2,147	142,441
Advances to investee companies	(15,208)	(879)
Net withdrawal of short term funds	84,339	100,589
Increase in other receivables	(17,417)	(13,755)
Dividends received	18,056	17,890
Interest received	33,355	33,395
<b>Net cash flows used in investing activities</b>	<b>(1,243,550)</b>	<b>(490,732)</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 March 2024

(The figures have not been audited.)

	6 months ended 31 March	
	2024	2023
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Drawdown of term loans	747,061	116,094
Repayment of term loans	(230,174)	(333,127)
Lease payments	(12,384)	(12,338)
Net drawdown of short term borrowings	370,473	225,144
Dividends paid to shareholders of the Company	(157,352)	(354,043)
Dividends paid to non-controlling interests	(159,606)	(513,023)
Shares buy back	(3,824)	(3,709)
Capital reduction paid to a non-controlling interest	-	(1,127)
Issuance of shares to non-controlling interests	3,150	-
<b>Net cash flows generated from/(used in) financing activities</b>	<b>557,344</b>	<b>(876,129)</b>
<b>Net increase in cash and cash equivalents</b>	336,436	330,102
Effects of exchange rate changes	(8,695)	(33,062)
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>2,960,669</b>	<b>3,328,329</b>
Cash and cash equivalents at 31 March is represented by:		
Deposits with licensed banks	633,560	1,240,277
Money market funds	1,037,163	949,733
Cash and bank balances	1,358,321	1,254,158
Bank overdrafts	(68,375)	(115,839)
	<b>2,960,669</b>	<b>3,328,329</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 new MFRS and 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 for the financial year to-date except for share buybacks of 195,300 shares in the Company from the open market. The average price paid for the shares repurchased was RM19.53 per share and the total consideration paid, including transaction costs, was RM3.82 million. The shares bought back were financed by internally generated funds and held as treasury shares.

#### A7. Dividends paid

	6 months ended 31 March	
	2024 RM'000	2023 RM'000
Dividends proposed in financial year ("FY") 2023, paid in FY 2024:		
Final 40 sen per share single tier	157,352	-
Dividends proposed in FY 2022, paid in FY 2023:		
Final 90 sen per share single tier	-	354,043
	<u>157,352</u>	<u>354,043</u>

Dividend was paid on the number of outstanding shares in issue and fully paid of 393,380,963 (2023: 393,380,963).

#### 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>6 months ended 31 March 2024</b>						
Revenue						
External revenue	1,951,256	9,232,074	127,046	182,617	-	11,492,993
Inter-segment revenue	792,144	23,718	-	262,017	(1,077,879)	-
Total revenue	<u>2,743,400</u>	<u>9,255,792</u>	<u>127,046</u>	<u>444,634</u>	<u>(1,077,879)</u>	<u>11,492,993</u>
Results						
Operating results	746,574	183,174	21,767	41,048	(25,253)	967,310
Finance costs	(6,656)	(70,519)	(1,913)	(172,671)	25,253	(226,506)
Share of results of associates	1,773	7,914	1	(87,167)	-	(77,479)
Share of results of joint ventures	-	(1,928)	-	(199)	-	(2,127)
Segment results	<u>741,691</u>	<u>118,641</u>	<u>19,855</u>	<u>(218,989)</u>	<u>-</u>	<u>661,198</u>
Profit before taxation						<u>661,198</u>
<b>6 months ended 31 March 2023</b>						
Revenue						
External revenue	1,890,716	11,081,197	88,494	238,668	-	13,299,075
Inter-segment revenue	837,079	16,977	-	820,784	(1,674,840)	-
Total revenue	<u>2,727,795</u>	<u>11,098,174</u>	<u>88,494</u>	<u>1,059,452</u>	<u>(1,674,840)</u>	<u>13,299,075</u>
Results						
Operating results	638,670	586,367	29,066	125,453	(28,766)	1,350,790
Finance costs	(10,078)	(71,603)	(1,051)	(166,456)	28,766	(220,422)
Share of results of associates	1,432	8,792	(43)	(165,151)	-	(154,970)
Share of results of joint ventures	-	(9,611)	-	9,181	-	(430)
Segment results	<u>630,024</u>	<u>513,945</u>	<u>27,972</u>	<u>(196,973)</u>	<u>-</u>	<u>974,968</u>
Profit before taxation						<u>974,968</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 March 2024</b>					
Operating assets	11,631,675	12,154,021	2,719,067	2,472,941	28,977,704
Associates	30,825	109,033	5,310	2,582,969	2,728,137
Joint ventures	-	63,753	-	208,247	272,000
Segment assets	<u>11,662,500</u>	<u>12,326,807</u>	<u>2,724,377</u>	<u>5,264,157</u>	<u>31,977,841</u>
Tax assets					787,417
Total assets					<u>32,765,258</u>
<b>At 30 September 2023</b>					
Operating assets	12,059,262	11,470,924	2,716,803	2,372,113	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>12,088,314</u>	<u>11,636,617</u>	<u>2,724,608</u>	<u>4,729,272</u>	<u>31,178,811</u>
Tax assets					728,722
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 March 2024</b>					
Segment liabilities	<u>1,004,312</u>	<u>4,522,079</u>	<u>291,833</u>	<u>8,436,002</u>	<u>14,254,226</u>
Tax liabilities					1,181,524
Total liabilities					<u>15,435,750</u>
<b>At 30 September 2023</b>					
Segment liabilities	<u>1,159,944</u>	<u>4,298,902</u>	<u>279,233</u>	<u>7,783,577</u>	<u>13,521,656</u>
Tax liabilities					1,188,065
Total liabilities					<u>14,709,721</u>

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

There were no material events that arisen which have not been reflected in the interim report in the interval between the end of reporting period and the date of this report.

**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:

- On 31 January 2024, Batu Kawan Berhad ("BKB") and its wholly-owned subsidiary, Enternal Edge Sdn Bhd ("EESB") entered into a share transfer agreement with another wholly-owned subsidiary of BKB, Chemical Company of Malaysia Berhad ("CCMB") to dispose of BKB's 66.94% and EESB's 31.56% equity interests in Malay-Sino Chemical Industries Sendirian Berhad ("MSCI"), a BKB subsidiary, for a purchase consideration of RM205.4 million and RM96.8 million respectively. The consideration was satisfied with the allotment and issuance of 79,629,412 and 37,535,228 new ordinary shares of CCMB to BKB and EESB respectively.
- On 31 January 2024, BKB entered into a share transfer agreement with CCMB to dispose of BKB's 61.39% equity interest in See Sen Chemical Berhad ("SSCB"), a BKB subsidiary, for a purchase consideration of RM39.5 million. The consideration was satisfied with the allotment and issuance of 15,312,610 new ordinary shares of CCMB to BKB.

Upon completion of the above-mentioned disposals of shares in (a) and (b), the Group's effective shareholdings in CCMB, MSCI and SSCB remain unchanged. The restructuring will streamline and consolidate the Industrial Chemical division of the Group.

- (c) 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.

For the period ended 31 March 2024, KLK has acquired 36,865,318 ordinary shares in KSN, representing 4.19% equity interest in KSN. Accordingly, KLK holds a total of 877,207,442 shares, representing 99.62% equity interest in KSN as at 31 March 2024.

On 30 April 2024, KLK completed the compulsory acquisition of all the remaining 3,373,018 shares in KSN, representing approximately 0.38% of total issued shares of KSN, after the expiry of the take-over offer.

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.

Other than as disclosed above, there were no other material 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 quarter under review.

#### 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:

	<b>At 31 March 2024 RM'000</b>	<b>At 30 September 2023 RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted	1,033,712	1,018,306
Approved but not contracted	996,769	1,579,127
	<u>2,030,481</u>	<u>2,597,433</u>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	70,792	31,194
	<u>70,792</u>	<u>31,194</u>

#### 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.

	<b>6 months ended 31 March</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
a) Transactions with associates and joint ventures:		
Sales of goods	221,047	422,066
Purchase of goods	700,761	1,041,705
Service charges paid	972	1,185
Research and development services paid	7,579	7,058
	<u>7,579</u>	<u>7,058</u>

	<b>6 months ended 31 March</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
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	16,017	12,974
Siam Taiko Marketing Co Ltd	920	820
Taiko Acid Works Sdn Bhd	5,101	6,428
Taiko Marketing (S) Pte Ltd	-	694
Taiko Marketing Sdn Bhd	94,860	125,265
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	2,414	2,293
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	3,392	3,333
Bukit Katho Estate Sdn Bhd	4,300	4,320
Chlor-Al Chemical Pte Ltd	32,854	-
Kampar Rubber & Tin Co Sdn Bhd	5,624	5,848
Kekal & Deras Sdn Bhd	1,340	1,328
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	14,014	3,952
Mah Sing Plastics Industries Sdn Bhd	1,632	-
Malay Rubber Plantations (M) Sdn Bhd	7,392	7,328
PT Agro Makmur Abadi	52,199	41,935
PT Java Taiko Mineralindo	1,725	981
PT Safari Riau	20,545	21,224
Taiko Acid Works Sdn Bhd	805	1,167
Taiko Clay Marketing Sdn Bhd	3,278	3,461
Taiko Drum Industries Sdn Bhd	1,047	919
Taiko Marketing (S) Pte Ltd	-	25,773
Taiko Marketing Sdn Bhd	24,815	31,921
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	1,536	1,423
<b>Handling Charges paid</b>		
Taiko Marketing Sdn Bhd	48	1,311
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	1,524	1,172
	<hr/>	<hr/>
c) Transactions between subsidiaries and their non-controlling interests:		
<b>Sales of goods</b>		
Mitsui & Co Ltd	77,636	64,677
Mitsui & Co (Malaysia) Sdn Bhd	181,299	169,626
Mitsui & Co (USA) Sdn Bhd	4,514	-
<b>Purchases of goods</b>		
PT Kimia Tirta Utama	-	22,014
PT Sawit Asahan Indah	-	2,506
PT Tanjung Bina Lestari	-	7,734
PT Tanjung Sarana Lestari	538,667	726,819
<b>Rental of land</b>		
PT Perkebunan Nusantara II	12,697	9,848
	<hr/>	<hr/>

**B1. Detailed analysis of performance**

**2<sup>nd</sup> Quarter FY2024 vs 2<sup>nd</sup> Quarter FY2023**

	Quarter Ended		Changes %
	31 March		
	2024	2023	
	RM'000	RM'000	
Revenue	5,660,490	6,310,762	(10.3)
Segment results:			
Plantation	365,759	291,675	25.4
Manufacturing	78,350	219,590	(64.3)
Property development	7,768	18,858	(58.8)
Investment holding/Others	(180,508)	(188,176)	(4.1)
Profit before taxation	271,369	341,947	(20.6)

The Group's pre-tax profit for the current quarter was 20.6% lower at RM271.37 million (2Q2023: RM341.95 million) on the back of 10.3% lower revenue of RM5.66 billion (2Q2023: RM6.31 billion). Comments on the respective business segments are as follows:

Despite weaker CPO selling price realised, **Plantation's** profit was 25.4% higher at RM365.76 million (2Q2023: RM291.68 million) mainly due to higher CPO sales volume and PK selling price realised. The profit was also contributed by a net gain of RM1.80 million (2Q2023: RM15.76 million net loss) on valuation of unharvested fresh fruit bunches and lower net loss of RM4.06 million (2Q2023: RM10.61 million net loss) from fair value changes on outstanding derivatives contracts.

**Manufacturing** dipped 64.3% in profit to RM78.35 million (2Q2023: RM219.59 million profit) on 13.8% lower revenue at RM4.58 billion (2Q2023: RM5.31 billion) owing to lower profit contributions from Oleochemical division. Notwithstanding higher caustic sales volume, Industrial Chemical division's profit was 6.3% lower at RM33.00 million (2Q2023: RM35.10 million) mainly due to lower caustic selling prices. Results for the previous year same quarter included a one-off gain of RM72.86 million from disposal of the paper chemical business in Europe.

Despite revenue dropped marginally to RM56.72 million (2Q2023: RM57.54 million), **Property Development's** profit was 58.8% lower at RM7.77 million (2Q2023: RM18.86 million) mainly due to recognition of development profits from phases with lower gross margin.

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation loss of RM22.23 million (2Q2023: RM31.61 million gain) on inter-company loans denominated in foreign currencies and a share of equity loss amounted to RM87.24 million (2Q2023: RM169.66 million share of loss) from an overseas associate, Synthomer plc. The loss reported by Synthomer plc was mainly due to its weak performance coupled with non-operating charges incurred on amortisation of acquired intangibles and restructuring costs.

**Todate 2<sup>nd</sup> Quarter FY2024 vs Totdate 2<sup>nd</sup> Quarter FY2023**

	<b>Todate Ended</b>		<b>Changes</b>
	<b>31 March</b>		
	<b>2024</b>	<b>2023</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	11,492,993	13,299,075	(13.6)
Segment results:			
Plantation	741,691	630,024	17.7
Manufacturing	118,641	513,945	(76.9)
Property development	19,855	27,972	(29.0)
Investment holding/Others	(218,989)	(196,973)	11.2
Profit before taxation	661,198	974,968	(32.2)

The Group's pre-tax profit dropped by 32.2% to RM661.20 million (Todate 2Q2023: RM974.97 million) on 13.6% lower revenue at RM11.49 billion (Todate 2Q2023: RM13.30 billion). Comments on the respective business segments are as follows:

Despite lower CPO and PK selling prices realised, **Plantation's** profit was 17.7% higher at RM741.69 million (Todate 2Q2023: RM630.02 million) mainly due to higher CPO and PK sales volume and lower CPO production cost, coupled with lower net loss of RM3.06 million (Todate 2Q2023: RM80.08 million net loss) from fair value changes on outstanding derivatives contracts and lower fair value loss of RM7.70 million (Todate 2Q2023: RM9.15million loss) on unharvested fresh fruit bunches valuation.

**Manufacturing** dipped significantly in profit to RM118.64 million (Todate 2Q2023: RM513.95 million) on the back of 16.7% lower revenue at RM9.23 billion (Todate 2Q2023: RM11.08 billion) mainly due to lower profit contributions from Oleochemical divisions, refineries and kernel crushing operations, while Industrial Chemical division's profit was 35.0% lower at RM49.80 million (Todate 2Q2023: RM76.60 million) largely from lower selling prices and sales volumes, coupled with higher production cost. Previous year's results included a one-off gain of RM72.86 million from disposal of the paper chemical business in Europe.

Despite 43.6% higher revenue at RM127.05 million (Todate 2Q2023: RM88.49 million), **Property Development's** profit was 29.0% lower at RM19.86 million (Todate 2Q2023: RM27.97 million) mainly due to recognition of development profits from phases with lower gross margin.

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation loss of RM13.99 million (Todate 2Q2023: RM13.64 million loss) on inter-company loans denominated in foreign currencies; a RM23.37 million surplus (Todate 2Q2023: RM44.51 million surplus) on sale of land and government acquisition; and lower share of equity loss of RM87.24 million (Todate 2Q2023: RM169.66 million loss) from an overseas associate, Synthomer plc. Farming sector recorded a loss of RM3.45 million (Todate 2Q2023: RM57.37 million profit).



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

	Quarter Ended		Changes %
	31 March 2024 RM'000	31 December 2023 RM'000	
Revenue	5,660,490	5,832,503	(2.9)
Segment results:			
Plantation	365,759	375,932	(2.7)
Manufacturing	78,350	40,291	94.5
Property development	7,768	12,087	(35.7)
Investment holding/Others	(180,508)	(38,481)	*
Profit before taxation	271,369	389,829	(30.4)

\* More than 100%

For the current quarter, the Group's pre-tax profit was 30.4% lower at RM271.37 million as compared to RM389.83 million reported in the preceding quarter on slightly lower revenue at RM5.66 billion (1Q2024: RM5.83 billion). Comments on the respective business segments are as follows:

**Plantation's** profit was 2.7% lower at RM365.76 million (1Q2024: RM375.93 million) mainly from lower CPO and PK sales volumes and higher CPO production cost, coupled with net loss of RM4.06 million (1Q2024: RM1.00 million net gain) from fair value changes on outstanding derivative contracts. The decrease in profit was cushioned by higher CPO and PK selling prices realised and a fair value gain of RM1.80 million (1Q2024: RM9.50 million fair value loss) on unharvested fresh fruit bunches valuation.

Despite marginal drop in revenue to RM4.58 billion (1Q2024: RM4.65 billion), **Manufacturing** segment recorded 94.5% higher profit at RM78.35 million (1Q2024: RM40.29 million) contributed by improved profit margin from Oleochemical division which more than offset the decline in profit from refineries and kernel crushing operations. Industrial Chemical division's profit surged 94.7% to RM33.00 million (1Q2024: RM16.90 million) mainly from higher sales volumes.

**Property Development's** profit decreased by 35.7% to RM7.77 million (1Q2024: RM12.09 million) on the back of lower revenue at RM56.72 million (1Q2024: RM70.33 million).

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation loss of RM22.13 million (1Q2024: RM5.24 million gain) on inter-company loans denominated in foreign currencies, lower surplus of RM5.70 million (1Q2024: RM17.67 million) from sale of land and government acquisitions; and Farming sector reported a loss of RM11.10 million (1Q2024: RM7.65 million profit). The segment also recorded a share of equity loss of RM87.24 million (1Q2024: Nil) from an overseas associate, Synthomer plc. The loss reported by Synthomer plc was mainly due to its weak performance coupled with non-operating charges incurred on amortisation of acquired intangibles and restructuring costs.

### B3. Prospects

From a peak of RM4,500/mt the previous Quarter, crude palm oil ("CPO") prices have since dropped to a low of RM3,800/mt, attributed to expectations of abundant soybeans supply from the US. However, recent floods in Brazil may affect overall soyabean supply. Despite challenges of a seasonal decrease in global palm oil production, unpredictable weather patterns and global uncertainties, outlook for the Group's Plantation segment remains favourable and should be a major contributor to the Group's results.

The Oleochemical division in the Group's Manufacturing segment incurred some losses, particularly in Europe and due to sluggish demand in China. However, the division has since reported stronger consumer demand, especially in Europe compared to the previous Quarter and energy prices have eased from its peak levels, thus suggesting a more positive outlook. Meanwhile, the Group's Industrial Chemical division expects satisfactory performance on the back of stronger caustic prices exceeding RM1,000/mt and higher plant operating rates driven by resumption of demand from a major customer.

The Group's financial performance has been impacted by the poor FY 2023 second Half results from Synthomer plc ("Synthomer"), a 26.89% associate of a subsidiary group, which like other European chemicals companies face a weak chemicals demand environment in Europe. Synthomer had a recent Rights share issue for which the Group's subsidiary, KLK, subscribed to, to reduce its net debt to GBP500 million as of 31 December 2023 (31 December 2022: GBP1 billion). Since then, the share price of Synthomer has rebounded to 330p from a low of 122p.

Overall the Group's financial performance for the financial year 2024 will be affected by Synthomer's losses and a weaker contribution from the Oleochemical division. However, the Group's Plantation segment is expected to have stronger results than last year.

### 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		6 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	44,602	48,767	94,005	101,007
Overseas taxation	60,330	62,945	137,652	117,407
	104,932	111,712	231,657	218,414
Under/(Over) provision of taxation in respect of previous years				
Malaysian taxation	1,363	-	1,357	(1,402)
Overseas taxation	4,190	523	17,194	16,052
	5,553	523	18,551	14,650
Deferred tax				
Origination and reversal of temporary differences	(19,794)	(31,545)	(39,534)	(15,256)
Over provision in respect of previous years	(1,009)	(57)	(499)	(11,551)
	(20,803)	(31,602)	(40,033)	(26,807)
	89,682	80,633	210,175	206,257

**Reconciliation of effective taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	271,369	341,947	661,198	974,968
Taxation at Malaysia income tax rate of 24% (FY2022: 24%)	65,128	82,067	158,687	233,992
Effect of different tax rates in foreign jurisdiction	(9,666)	(12,737)	(16,778)	(24,385)
Withholding tax on foreign dividend and interest income	22,621	8,193	33,913	12,616
Expenses not deductible for tax purposes	7,409	12,044	33,065	43,902
Tax exempt and non-taxable income	(23,690)	(56,041)	(52,348)	(85,990)
Tax incentives	(4,229)	(1,858)	(5,538)	(4,282)
Deferred tax assets not recognised during the period	7,384	-	9,815	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	475	5,932	(992)	(14,784)
Tax effect on associates' and joint ventures' results	20,011	40,065	19,105	37,296
Under provision of tax expense in respect of previous years	5,553	523	18,551	14,650
Over provision of deferred tax in respect of previous years	(1,009)	(57)	(499)	(11,551)
Others	(305)	2,502	13,194	4,793
<b>Tax expense</b>	<b>89,682</b>	<b>80,633</b>	<b>210,175</b>	<b>206,257</b>

**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 March 2024								
	Long Term		Short Term		Total Borrowings				
	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	787	4,017	Euro	1,413	7,202	Euro	2,200	11,219
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	13,410	68,375	Euro	13,410	68,375
Revolving credit		-	-	Euro	80,000	407,912	Euro	80,000	407,912
		-	-	AUD	8,000	24,650	AUD	8,000	24,650
		-	-	GBP	68,500	408,548	GBP	68,500	408,548
	USD	11,865	56,123	USD	14,605	69,037	USD	26,470	125,160
		-	-		-	87,000		-	87,000
Trade financing		-	-	USD	42,117	198,985	USD	42,117	198,985
		-	-	Euro	46,549	237,349	Euro	46,549	237,349
		-	-		-	1,326,557		-	1,326,557
Term loans		-	-	USD	30,000	141,735	USD	30,000	141,735
	Euro	32,935	167,930	Euro	987	5,032	Euro	33,922	172,962
		-	-	AUD	1,681	5,181	AUD	1,681	5,181
		-	-	RMB	70,000	45,801	RMB	70,000	45,801
		-	1,717,696		-	123,334		-	1,841,030
Export Credit Refinancing		-	-		-	2,877		-	2,877
Banker's acceptance		-	-		-	101,066		-	101,066
Islamic medium term notes		-	6,100,000		-	-		-	6,100,000
<b>Total</b>		-	8,045,766		-	3,260,641		-	11,306,407

	At 31 March 2023								
	Long Term		Short Term		Total Borrowings				
	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	1,656	7,924	Euro	1,271	6,080	Euro	2,927	14,004
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	24,216	115,839	Euro	24,216	115,839
Revolving credit		-	-	Euro	65,000	310,934	Euro	65,000	310,934
		-	-	GBP	27,000	146,958	GBP	27,000	146,958
		-	-		-	70,450		-	70,450
Trade financing		-	-	USD	27,791	122,627	USD	27,791	122,627
		-	-	Euro	349	1,668	Euro	349	1,668
		-	-		-	772,463		-	772,463
Term loans	USD	43,000	189,675	USD	33,350	146,997	USD	76,350	336,672
	Euro	36,490	174,556	Euro	18,477	88,618	Euro	54,967	263,174
		-	1,213,779		-	3,268		-	1,217,047
Banker's acceptance		-	-		-	436,450	USD	-	436,450
Islamic medium term notes		-	6,100,000		-	500,000		-	6,600,000
<b>Total</b>		-	7,685,934		-	2,722,352		-	10,408,286

Exchange Rates Applied	At 31 March	
	2024	2023
USD / RM	4.7245	4.4125
Euro / RM	5.0989	4.7836
RMB / RM	0.6543	0.6424
GBP / RM	5.9642	5.4429
AUD / RM	3.0813	2.9502

**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 March 2024, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	<b>Contract / Notional value Net long/(short)</b>	<b>Fair value Net gains/(losses)</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,779,697)	(1,751)
b) Commodity futures contracts:		
- Less than 1 year	112,475	11,295
c) Interest rate swap contracts:		
- Less than 1 year	5,282	178
- 1 year to 3 years	8,686	497
- more than 3 years	6,750	588
d) Commodity swap contracts:		
- Less than 1 year	(5,567)	(2,186)
- 1 year to 3 years	(1,076)	(352)

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 March 2024, 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) An interim single tier dividend of 20 sen per share has been authorised by the Directors in respect of the financial year ending 30 September 2024 (2023: 20 sen) and will be paid to the shareholders on 1 August 2024. The entitlement date for the dividend shall be 9 July 2024.

A Depositor with Bursa Malaysia Depository Sdn Bhd shall qualify for the entitlement to the dividend only in respect of:

- (i) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 5 July 2024 in respect of securities which are exempted from mandatory deposit;
- (ii) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 9 July 2024 in respect of transfers; and
- (iii) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

b) Total dividend for the current financial year to-date is single tier dividend of 20 sen per share (2023: 20 sen).

**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.

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2024	2023	2024	2023
Net profit for the period attributable to equity holders of the Company (RM'000)	84,720	120,052	196,456	355,356
Weighted average number of shares ('000)	393,357	393,444	393,357	393,444
Earnings per share (sen)	21.5	30.5	49.9	90.3

**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:

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(21,552)	(25,478)	(44,527)	(48,773)
Dividend income	(3,943)	(3,931)	(18,112)	(15,480)
Other income	(30,790)	(30,283)	(66,282)	(61,749)
Interest expense	111,042	110,054	226,506	220,422
Depreciation and amortisation	280,023	259,303	554,147	518,756
Provision for and write-off/(write-back) of receivables	4,733	(924)	4,239	788
Write-back of inventories	(7,664)	(24,964)	(1,847)	(34,197)
Surplus on disposal of a business line	-	(72,863)	-	(72,863)
Surplus on disposal of land	(4,628)	(1,817)	(10,528)	(2,624)
Surplus arising from government acquisition of land	(1,073)	-	(12,840)	(41,882)
Foreign exchange loss/(gain)	10,987	(60,250)	62,251	88,972
Gain on derivatives	(9,126)	(63,726)	(70,881)	(74,365)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG  
YAP MIOU KIEN  
CHIEW CINDY  
Company Secretaries

20 May 2024