



KUALA LUMPUR KEPONG BERHAD

197301001526 (15043-V)

**Interim Financial Report
For the second quarter ended 31 March 2020**

The Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2020.

Condensed Consolidated Statement of Profit or Loss
For the second quarter ended 31 March 2020

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	6 months ended		+ / (-)
	31 March			31 March		
	2020	2019		2020	2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	3,803,983	3,941,919	(3.5)	7,881,391	8,027,081	(1.8)
Operating expenses	(3,663,377)	(3,764,919)	(2.7)	(7,516,648)	(7,635,743)	(1.6)
Other operating income	909	67,029	(98.6)	98,625	222,457	(55.7)
Finance costs	(62,042)	(41,827)	48.3	(125,439)	(85,096)	47.4
Share of results of associates	38,587	(1,419)	-	41,401	2,169	-
Share of results of joint ventures	(15,490)	(4,727)	227.7	(17,001)	1,569	-
Profit before taxation	102,570	196,056	(47.7)	362,329	532,437	(31.9)
Taxation	(79,450)	(42,597)	86.5	(148,196)	(107,367)	38.0
Net profit for the period	<u>23,120</u>	<u>153,459</u>	<u>(84.9)</u>	<u>214,133</u>	<u>425,070</u>	<u>(49.6)</u>
Attributable to:-						
Equity holders of the Company	27,892	142,955	(80.5)	195,091	393,871	(50.5)
Non-controlling interests	<u>(4,772)</u>	<u>10,504</u>	<u>(145.4)</u>	<u>19,042</u>	<u>31,199</u>	<u>(39.0)</u>
	<u>23,120</u>	<u>153,459</u>	<u>(84.9)</u>	<u>214,133</u>	<u>425,070</u>	<u>(49.6)</u>
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>2.6</u>	<u>13.4</u>		<u>18.3</u>	<u>37.0</u>	
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

N/A - Not applicable

Comments on Results

The profits attributable to equity holders of the Company for the current quarter and 6-month cumulative quarter ended 31 March 2020 were impacted by the following items:-

	Current Quarter	Cumulative Quarter
	RM'000	RM'000
(i) Unrealised foreign currency exchange losses	178,097	150,511
(ii) Additional deferred tax charge	36,391	36,391

The unrealised foreign currency exchange losses arose from translation of inter-company and bank loans denominated in foreign currencies. Bulk of these losses were caused by the significant depreciation of Indonesian Rupiah exchange rate against USD and RM.

The additional deferred tax charge had resulted from the reversal of deferred tax assets due to the reduction of Indonesian corporate tax rate from 25% to 22%.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 30 September 2019.

**Condensed Consolidated Statement of Other Comprehensive Income
For the second quarter ended 31 March 2020**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	23,120	153,459	214,133	425,070
Other comprehensive loss that will be reclassified subsequently to profit or loss				
Currency translation differences	(139,861)	(39,998)	(127,685)	(9,701)
Share of other comprehensive loss in associates	(17,737)	-	(17,737)	-
	<u>(157,598)</u>	<u>(39,998)</u>	<u>(145,422)</u>	<u>(9,701)</u>
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	(145,684)	87,099	(96,804)	(605,073)
Share of other comprehensive loss in associates	(5,116)	-	(5,116)	-
	<u>(150,800)</u>	<u>87,099</u>	<u>(101,920)</u>	<u>(605,073)</u>
Total other comprehensive (loss)/income for the period	<u>(308,398)</u>	<u>47,101</u>	<u>(247,342)</u>	<u>(614,774)</u>
Total comprehensive (loss)/income for the period	<u>(285,278)</u>	<u>200,560</u>	<u>(33,209)</u>	<u>(189,704)</u>
Attributable to:-				
Equity holders of the Company	(258,651)	188,688	(28,493)	(227,208)
Non-controlling interests	(26,627)	11,872	(4,716)	37,504
	<u>(285,278)</u>	<u>200,560</u>	<u>(33,209)</u>	<u>(189,704)</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2019.

Condensed Consolidated Statement of Financial Position
As at 31 March 2020

(The figures have not been audited.)

	31 March 2020	30 September 2019
	RM'000	RM'000
Assets		
Property, plant and equipment	7,562,593	7,749,121
Right-of-use assets	153,953	-
Prepaid lease payments	324,611	340,256
Inventories	1,089,576	1,108,296
Goodwill on consolidation	323,735	316,836
Intangible assets	22,433	22,081
Investments in associates	1,550,232	1,489,210
Investments in joint ventures	145,861	156,818
Other investments	329,337	411,950
Other receivable	216,583	233,980
Deferred tax assets	381,989	437,027
Total non-current assets	<u>12,100,903</u>	<u>12,265,575</u>
Inventories	2,085,956	2,124,084
Biological assets	64,020	98,262
Trade and other receivables	1,995,525	2,052,484
Contract assets	18,401	14,867
Tax recoverable	81,893	110,319
Derivative financial assets	77,604	33,967
Short term funds	1,228,617	1,659,171
Cash and cash equivalents	2,783,188	2,040,637
Total current assets	<u>8,335,204</u>	<u>8,133,791</u>
Total assets	<u>20,436,107</u>	<u>20,399,366</u>
Equity		
Share capital	1,373,861	1,067,790
Reserves	8,904,831	9,306,062
	<u>10,278,692</u>	<u>10,373,852</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	10,265,245	10,360,405
Non-controlling interests	888,372	926,250
Total equity	<u>11,153,617</u>	<u>11,286,655</u>
Liabilities		
Deferred tax liabilities	432,769	424,603
Lease liabilities	127,190	-
Deferred income	107,535	110,320
Provision for retirement benefits	544,605	538,480
Borrowings	5,141,130	5,169,833
Total non-current liabilities	<u>6,353,229</u>	<u>6,243,236</u>
Trade and other payables	1,166,596	1,359,591
Contract liabilities	87,867	91,239
Deferred income	8,000	8,196
Lease liabilities	19,058	-
Borrowings	1,491,779	1,348,993
Tax payable	44,660	40,898
Derivative financial liabilities	111,301	20,558
Total current liabilities	<u>2,929,261</u>	<u>2,869,475</u>
Total liabilities	<u>9,282,490</u>	<u>9,112,711</u>
Total equity and liabilities	<u>20,436,107</u>	<u>20,399,366</u>
Net assets per share attributable to equity holders of the Company (RM)	9.52	9.73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2019.

Condensed Consolidated Statement of Changes in Equity
For the second quarter ended 31 March 2020

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →						Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2019	1,067,790	1,137,869	(4,397)	633,528	7,539,062	(13,447)	10,360,405	926,250	11,286,655
Net change in fair value of equity instruments	-	-	-	(96,804)	-	-	(96,804)	-	(96,804)
Realisation on fair value of equity instruments	-	-	-	78	(78)	-	-	-	-
Transfer of reserves	-	778	-	-	(778)	-	-	-	-
Share of other comprehensive loss in associates	-	-	(16,928)	-	(5,925)	-	(22,853)	-	(22,853)
Currency translation differences	-	(81)	(103,846)	-	-	-	(103,927)	(23,758)	(127,685)
Total other comprehensive income/(loss) for the period	-	697	(120,774)	(96,726)	(6,781)	-	(223,584)	(23,758)	(247,342)
Profit for the period	-	-	-	-	195,091	-	195,091	19,042	214,133
Total comprehensive income/(loss) for the period	-	697	(120,774)	(96,726)	188,310	-	(28,493)	(4,716)	(33,209)
Redemption of redeemable preference shares	-	5,000	-	-	(5,000)	-	-	-	-
Issuance of new shares pursuant to dividend reinvestment plan	306,071	-	-	-	-	-	306,071	-	306,071
Dividend paid - FY2019 final	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(33,162)	(33,162)
Total transactions with owners of the Company	306,071	5,000	-	-	(377,738)	-	(66,667)	(33,162)	(99,829)
At 31 March 2020	1,373,861	1,143,566	(125,171)	536,802	7,349,634	(13,447)	10,265,245	888,372	11,153,617

**Condensed Consolidated Statement of Changes in Equity
For the second quarter ended 31 March 2020**

(Continued)

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →						Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2018	1,067,790	1,136,915	(39,509)	1,496,757	7,518,404	(13,447)	11,166,910	878,638	12,045,548
Net change in fair value of equity instruments	-	-	-	(605,073)	-	-	(605,073)	-	(605,073)
Realisation on fair value of equity instruments	-	-	-	5,020	(5,020)	-	-	-	-
Transfer of reserves	-	1,184	-	-	(1,184)	-	-	-	-
Currency translation differences	-	128	(16,134)	-	-	-	(16,006)	6,305	(9,701)
Total other comprehensive income/(loss) for the period	-	1,312	(16,134)	(600,053)	(6,204)	-	(621,079)	6,305	(614,774)
Profit for the period	-	-	-	-	393,871	-	393,871	31,199	425,070
Total comprehensive income/(loss) for the period	-	1,312	(16,134)	(600,053)	387,667	-	(227,208)	37,504	(189,704)
Redemption of redeemable preference shares	-	11,415	-	-	(11,415)	-	-	-	-
Dividend paid - FY2018 final	-	-	-	-	(319,490)	-	(319,490)	-	(319,490)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(34,519)	(34,519)
Total transactions with owners of the Company	-	11,415	-	-	(330,905)	-	(319,490)	(34,519)	(354,009)
At 31 March 2019	1,067,790	1,149,642	(55,643)	896,704	7,575,166	(13,447)	10,620,212	881,623	11,501,835

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2019.

Condensed Consolidated Statement of Cash Flows
For the second quarter ended 31 March 2020
 (The figures have not been audited.)

	<u>6 months ended 31 March</u>	
	2020	2019
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	362,329	532,437
Adjustment for non-cash flow:-		
Non-cash items	497,114	218,169
Non-operating items	52,762	46,587
Operating profit before working capital changes	<u>912,205</u>	<u>797,193</u>
Working capital changes:-		
Net change in current assets	194,297	111,998
Net change in current liabilities	<u>(201,141)</u>	<u>(44,503)</u>
Cash generated from operations	905,361	864,688
Interest paid	(121,709)	(83,556)
Tax paid	(90,649)	(130,480)
Retirement benefits paid	<u>(17,892)</u>	<u>(14,104)</u>
Net cash generated from operating activities	<u><u>675,111</u></u>	<u><u>636,548</u></u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(280,277)	(261,698)
Payments of prepaid lease	(1,835)	(3,457)
Property development expenditure	(15,074)	(5,194)
Purchase of shares in an associate	(41,407)	-
Purchase of investments	-	(89,195)
Purchase of intangible assets	(1,385)	(2,015)
Proceeds from disposal of property, plant and equipment	2,548	2,923
Compensation from government on land acquired	-	49,190
Proceeds from disposal of investments	1,835	81,700
Decrease in short term funds	425,120	27,795
Dividends received from associates	8,000	1,288
Dividends received from investments	9,932	19,990
Interest received	34,884	27,450
Net cash generated from/(used in) investing activities	<u><u>142,341</u></u>	<u><u>(151,223)</u></u>
Cash Flows from Financing Activities		
Term loans received	-	27,937
Repayment of term loans	(12,667)	(29,289)
Lease payments	(17,786)	-
Net drawdown/(repayment) of short term borrowings	83,577	(141,994)
Dividends paid to shareholders of the Company	(66,667)	(319,490)
Dividends paid to non-controlling interests	(33,162)	(34,519)
(Increase)/Decrease in other receivable	<u>(548)</u>	<u>6,258</u>
Net cash used in financing activities	<u><u>(47,253)</u></u>	<u><u>(491,097)</u></u>
Net increase/(decrease) in cash and cash equivalents	770,199	(5,772)
Cash and cash equivalents at 1 October	<u>1,919,780</u>	<u>1,188,741</u>
	2,689,979	1,182,969
Currency translation differences on opening balances	<u>(23,083)</u>	<u>1,102</u>
Cash and cash equivalents at 31 March	<u><u>2,666,896</u></u>	<u><u>1,184,071</u></u>
Cash and cash equivalents consist of:-		
Cash and bank balances	688,239	396,494
Deposits with licensed banks	1,499,656	870,169
Fixed income trust funds	595,293	52,803
Bank overdrafts	<u>(116,292)</u>	<u>(135,395)</u>
	<u><u>2,666,896</u></u>	<u><u>1,184,071</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2019.

Notes to Interim Financial Report

A Explanatory Notes as required by MFRS 134

A1. Basis of Preparation

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 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2019.

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 2019 except for the adoption of the following standards, interpretation and amendments to MFRSs:-

MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3 *Definition of a Business (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*

The application of these standards, interpretation and amendments to MFRSs has no significant effect to the financial statements of the Group, except for MFRS 16 described below:-

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group has adopted MFRS 16 with the date of initial application of 1 October 2019. The Group elected to use the modified retrospective method and to apply a number of practical expedients as provided in MFRS 16.

Under the modified retrospective method, prior year comparative information was not restated and the cumulative effects of initial application of MFRS 16 were recognised as an adjustment to the opening balance of right-of-use ("ROU") assets and lease liabilities as at 1 October 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 and IC Interpretation 4.

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases, if any, at the date of initial application.

Notes to Interim Financial Report

(Continued)

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 October 2019.

The associated right-of-use ("ROU") assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 October 2019.

The Group has elected not to recognise lease liabilities and ROU for short term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense in profit or loss over its lease terms.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:-

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at date of initial application as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Effect on adoption of MFRS 16

	Increase RM'000
Impact to the Group financial statement as at 1 October 2019:-	
Assets	
Right-of-use assets	<u>161,441</u>
Liabilities	
Lease liabilities	<u>161,099</u>

A2. Seasonal and Cyclical Factors

The Group's plantation operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices.

A3. 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.

A4. Changes in Estimates

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

Notes to Interim Financial Report

(Continued)

A5. Changes in Debt and Equity Securities

On 24 February 2020, the Company issued and allotted 13,513,093 new shares pursuant to the dividend reinvestment plan (“DRP”) for the final dividend for financial year ended 30 September 2019. With the listing of the new shares pursuant to the DRP, the total enlarged number of issued shares is 1,081,017,785 shares (including 2,539,000 treasury shares).

A6. Dividends Paid

	6 months ended	
	31 March	
	2020	2019
	RM'000	RM'000
Dividend proposed in Year 2019, paid in Year 2020:-		
Final single tier dividend 35 sen (2019: 30 sen) per share	<u>372,738</u>	<u>319,490</u>

The Board of Directors of the Company had determined that the DRP which was approved by the shareholders of the Company at the annual general meeting of the Company held on 13 February 2018 should apply to the entire portion of the final dividend for financial year ended 30 September 2019.

The final dividend of RM372,738,000 was paid on 24 February 2020, RM306,071,000 of which was satisfied by the issuance of 13,513,093 new shares of the Company pursuant to the DRP and the balance via cash payment of RM66,667,000.

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2019: 1,064,965,692).

A7. 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	Investment	Elimination	Consolidated
	RM'000	RM'000	Development	Holding/ Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended						
31 March 2020						
Revenue						
External revenue	3,761,990	3,903,225	69,209	146,967	-	7,881,391
Inter-segment revenue	442,881	24	-	191,251	(634,156)	-
Total revenue	<u>4,204,871</u>	<u>3,903,249</u>	<u>69,209</u>	<u>338,218</u>	<u>(634,156)</u>	<u>7,881,391</u>
Results						
Operating results	320,834	199,968	15,851	5,114	-	541,767
Interest income	2,265	2,301	332	78,436	(18,828)	64,506
Finance costs	(9,546)	(25,498)	(77)	(109,146)	18,828	(125,439)
Share of results of associates	5,933	649	1,429	33,390	-	41,401
Share of results of joint ventures	(16,128)	-	-	(873)	-	(17,001)
Segment results	<u>303,358</u>	<u>177,420</u>	<u>17,535</u>	<u>6,921</u>	<u>-</u>	<u>505,234</u>
Corporate expense						(142,905)
Profit before taxation						<u>362,329</u>

Notes to Interim Financial Report

(Continued)

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
6 months ended						
31 March 2019						
Revenue						
External revenue	3,289,796	4,493,180	74,610	169,495	-	8,027,081
Inter-segment revenue	459,481	-	-	196,618	(656,099)	-
Total revenue	<u>3,749,277</u>	<u>4,493,180</u>	<u>74,610</u>	<u>366,113</u>	<u>(656,099)</u>	<u>8,027,081</u>
Results						
Operating results	232,512	216,697	16,872	50,355	-	516,436
Interest income	2,315	2,944	353	51,206	(21,675)	35,143
Finance costs	(9,192)	(29,127)	-	(68,452)	21,675	(85,096)
Share of results of associates	321	832	1,016	-	-	2,169
Share of results of joint ventures	2,435	-	-	(866)	-	1,569
Segment results	<u>228,391</u>	<u>191,346</u>	<u>18,241</u>	<u>32,243</u>	<u>-</u>	<u>470,221</u>
Corporate income						<u>62,216</u>
Profit before taxation						<u>532,437</u>

(b) Segment assets

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
As at 31 March 2020					
Operating assets	6,614,698	6,466,459	1,524,379	3,670,596	18,276,132
Associates	79,972	9,503	68,832	1,391,925	1,550,232
Joint ventures	141,844	-	-	4,017	145,861
Segment assets	<u>6,836,514</u>	<u>6,475,962</u>	<u>1,593,211</u>	<u>5,066,538</u>	<u>19,972,225</u>
Tax assets					<u>463,882</u>
Total assets					<u>20,436,107</u>
As at 30 September 2019					
Operating assets	6,648,142	6,493,297	1,506,728	3,557,825	18,205,992
Associates	92,944	8,501	72,403	1,315,362	1,489,210
Joint ventures	152,044	-	-	4,774	156,818
Segment assets	<u>6,893,130</u>	<u>6,501,798</u>	<u>1,579,131</u>	<u>4,877,961</u>	<u>19,852,020</u>
Tax assets					<u>547,346</u>
Total assets					<u>20,399,366</u>

Notes to Interim Financial Report

(Continued)

(c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2020					
Segment liabilities	1,506,141	2,276,180	108,957	4,913,783	8,805,061
Tax liabilities					477,429
Total liabilities					9,282,490
As at 30 September 2019					
Segment liabilities	1,541,767	2,117,527	119,719	4,868,197	8,647,210
Tax liabilities					465,501
Total liabilities					9,112,711

A8. Event Subsequent to Reporting Date

On 24 April 2020, the Company entered into a Conditional Share Sale and Purchase Agreement (“CSSPA”) with Ladang Lekir Sdn Bhd to acquire 60% equity interest in PT Pinang Witmas Sejati (“PWS”) (“the Proposed Acquisition”) for a total cash consideration of RM341,550,000, which shall be subject to adjustments based on PWS’s net debt and other balance sheet items upon completion.

The Proposed Acquisition is expected to be completed in the 3rd quarter of 2020, subject to the fulfillment of all conditions precedent in the CSSPA. On completion, PWS will be a subsidiary of the Company.

PWS is a company incorporated in Indonesia and is principally involved in establishment and operation of oil palm plantation and participation in the crude vegetable oil industry.

The Proposed Acquisition represents an opportunity for the Company to acquire a company with a brownfield oil palm plantation. Further, the Proposed Acquisition is in the ordinary course of business of the Group and is also in line with the Company’s business direction to expand its plantation land bank.

The Proposed Acquisition is to be settled in cash and will not have any effect on the share capital and shareholding of the Company’s substantial shareholders nor have any material effect on the net assets, earnings and gearing on the Group for the financial year ending 30 September 2020.

A9. Changes in the Composition of the Group

Kuala Lumpur-Kepong Investments Ltd (“KLK Investments”), a wholly-owned subsidiary of the Company, was dissolved by way of a members’ voluntary winding up on 25 February 2020. The winding up of KLK Investments will not have any material operational and financial impact on the net assets and earnings per share of the Group for the financial year ending 30 September 2020.

A10. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

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A11. Capital Commitments

	31 March 2020	30 September 2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted	351,561	322,372
Approved but not contracted	588,932	882,148
	<u>940,493</u>	<u>1,204,520</u>

A12. 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.

	6 months ended 31 March	
	2020	2019
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	136,149	118,271
Purchase of goods	624,606	566,572
Service charges paid	1,369	1,385
Research and development services paid	<u>7,093</u>	<u>9,070</u>

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	6 months ended	
	31 March	
	2020	2019
	RM'000	RM'000
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
Sale of goods		
PT Satu Sembilan Delapan	7,874	8,832
Siam Taiko Marketing Co Ltd	735	1,576
Taiko Marketing Sdn Bhd	3,020	3,275
Taiko Marketing (Singapore) Pte Ltd	<u>1,277</u>	<u>1,688</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>2,043</u>	<u>2,022</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	2,670	2,148
Bukit Katho Estate Sdn Bhd	2,553	1,907
Kampar Rubber & Tin Co Sdn Bhd	2,762	2,642
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	-	1,495
Malay Rubber Plantations (M) Sdn Bhd	2,964	2,690
PT Agro Makmur Abadi	34,138	25,040
PT Bumi Karyatama Raharja	-	1,210
PT Java Taiko Mineralindo	2,322	-
PT Safari Riau	16,826	9,269
PT Satu Sembilan Delapan	25,602	10,498
Taiko Acid Works Sdn Bhd	256	1,391
Taiko Clay Marketing Sdn Bhd	1,011	1,286
Taiko Drum Industries Sdn Bhd	1,018	1,759
Taiko Marketing Sdn Bhd	<u>11,225</u>	<u>16,294</u>
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	<u>2,335</u>	<u>2,320</u>
Management fees paid		
Farming Management Services Pty Ltd	<u>1,117</u>	<u>-</u>
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	<u>1,094</u>	<u>1,134</u>
Supply of contract labour and engineering works		
K7 Engineering Sdn Bhd	<u>-</u>	<u>1,363</u>
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsubishi Corporation	31,582	23,682
Mitsui & Co Ltd	<u>102,114</u>	<u>144,456</u>
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	6,562	8,484
PT Eka Dura Indonesia	12,364	-
PT Tanjung Sarana Lestari	<u>786,277</u>	<u>632,852</u>

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B Explanatory Notes as required by the BMSB Revised Listing Requirements
B1. Analysis of Performance
2nd Quarter FY2020 vs 2nd Quarter FY2019

	Quarter Ended		+ / (-) %
	31/3/2020 RM'000	31/3/2019 RM'000	
Revenue	3,803,983	3,941,919	(3.5)
Segment results			
Plantation	145,700	100,904	44.4
Manufacturing	97,437	93,342	4.4
Property development	3,960	7,111	(44.3)
Investment holding/Others	11,539	(16,567)	-
	258,636	184,790	40.0
Corporate (loss)/income	(156,066)	11,266	-
Profit before taxation	102,570	196,056	(47.7)

The Group's pre-tax profit for the 2nd quarter fell 47.7% to RM102.6 million (2QFY2019: profit RM196.1 million) whilst revenue was 3.5% lower at RM3.804 billion (2QFY2019: RM3.942 billion). The current quarter's profit was impacted by unrealised foreign currency exchange losses totalling RM178.1 million (2QFY2019: gain RM156,000) comprising:-

- RM145.3 million loss (2QFY2019: loss RM3.0 million) which arose from translation of inter-company loans denominated in foreign currencies. Bulk of this loss was due to depreciation of Indonesian Rupiah exchange rate against USD and RM. Amidst the COVID-19 crisis, investors flocked to safe haven assets causing the USD to strengthen against emerging market currencies.
- RM32.8 million loss (2QFY2019: gain RM3.1 million) derived from translation of USD bank loan in an Indonesian subsidiary caused by drop in exchange rate of Indonesian Rupiah against USD.

Excluding the foreign exchange impact, the Group's pre-tax profit for the 2nd quarter increased by 43.3% to RM280.7 million (2QFY2019: profit RM195.9 million).

Comments on the business sectors are as follows:-

Plantation

Plantation profit surged 44.4% to RM145.7 million (2QFY2019: profit RM100.9 million) supported by:-

- Favourable selling prices of CPO and PK realised as shown below:-

	2QFY2020	2QFY2019	% Change
Crude Palm Oil (RM/mt ex-mill)	2,572	1,969	30.6
Palm Kernel (RM/mt ex-mill)	1,537	1,301	18.1

- Unrealised gain of RM11.2 million (2QFY2019: unrealised loss RM12.3 million) arising from changes in fair value on outstanding derivative contracts.

Notes to Interim Financial Report

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However, the improvement in Plantation profit was partially offset by the following:-

- FFB production declined 9.8% to 890,872 mt which led to a higher CPO production cost.
- Unrealised foreign currency exchange loss of RM32.8 million (2QFY2019: gain RM3.1 million) on translation of USD bank loan in an Indonesian subsidiary.

Manufacturing

Manufacturing segment's profit was 4.4% higher at RM97.4 million (2QFY2019: profit RM93.3 million) despite a 13.5% decline in revenue to RM1.977 billion (2QFY2019: RM2.285 billion) and the recognition of a higher unrealised loss from fair value changes on outstanding derivative contracts of RM17.4 million (2QFY2019: unrealised loss RM5.0 million). Profits from Malaysia operations had increased owing to improved margins which were supported by higher selling prices. China operations managed to achieve a higher profit through better margins despite ending the quarter with a lower revenue. Europe operations reported lower profits with reduction in sales volume.

The oleochemical division achieved a higher profit of RM96.3 million (2QFY2019: profit RM90.9 million) whilst the other manufacturing units recorded a lower profit of RM1.1 million (2QFY2019: profit RM2.4 million).

Property Development

Property segment's profit fell 44.3% to RM4.0 million (2QFY2019: profit RM7.1 million) with a much lower revenue of RM17.0 million (2QFY2019: RM34.8 million).

Investment Holding/Others

This segment had recognised an equity profit of RM33.4 million (2QFY2019: Nil) from an overseas associate, Synthomer plc which became an associate in 4th quarter FY2019.

Corporate

The corporate loss of RM156.1 million (2QFY2019: income RM11.3 million) was mainly caused by unrealised foreign currency exchange loss of RM145.3 million (2QFY2019: loss RM3.0 million) arising from translation of inter-company loans denominated in foreign currencies.

Todate 2nd Quarter FY2020 vs Totate 2nd Quarter FY2019

	Todate Ended		+ / (-) %
	31/3/2020 RM'000	31/3/2019 RM'000	
Revenue	7,881,391	8,027,081	(1.8)
Segment results			
Plantation	303,358	228,391	32.8
Manufacturing	177,420	191,346	(7.3)
Property development	17,535	18,241	(3.9)
Investment holding/Others	6,921	32,243	(78.5)
	505,234	470,221	7.4
Corporate (loss)/income	(142,905)	62,216	-
Profit before taxation	362,329	532,437	(31.9)

Notes to Interim Financial Report

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The Group's half year profit before tax declined 31.9% to RM362.3 million (Todate 2QFY2019: profit RM532.4 million) and revenue was slightly lower at RM7.881 billion (Todate 2QFY2019: RM8.027 billion). The current 6 months profit had been affected by unrealised foreign currency exchange losses of RM150.5 million (Todate 2QFY2019: gain RM43.8 million) which consisted of:-

- RM121.4 million loss (Todate 2QFY2019: gain RM35.0 million) arising from translation of inter-company loans denominated in foreign currencies with the bulk of this loss attributed to the drop in Indonesian Rupiah exchange rate against USD and RM.
- RM29.1 million loss (Todate 2QFY2019: gain RM8.8 million) resulting from translation of USD bank loan in an Indonesian subsidiary due to decline in exchange rate of Indonesian Rupiah against USD.

Excluding the foreign exchange impact, the Group's half year profit before tax increased by 5.0% to RM512.8 million (Todate 2QFY2019: profit RM488.6 million).

Comments on the business sectors are as follows:-

Plantation

Plantation profit was sharply higher by 32.8% at RM303.4 million (Todate 2QFY2019: profit RM228.4 million) despite the following unfavourable factors:-

- Cost of CPO production had increased due to 10.7% reduction in FFB production to 1.869 million mt.
- Unrealised foreign currency exchange loss of RM29.1 million (Todate 2QFY2019: gain RM8.8 million) which arose from translation of an Indonesian subsidiary's USD bank loan.
- Unrealised loss of RM16.0 million (Todate 2QFY2019: unrealised gain RM12.0 million) derived from fair value changes on outstanding derivative contracts.

The increase in profit achieved was underpinned by:-

- Improved CPO and PK selling prices realised as shown below:-

	Todate 2QFY2020	Todate 2QFY2019	% Change
Crude Palm Oil (RM/mt ex-mill)	2,373	1,906	24.5
Palm Kernel (RM/mt ex-mill)	1,391	1,340	3.8

- Better contributions from processing and trading operations.

Manufacturing

Manufacturing segment's profit fell 7.3% to RM177.4 million (Todate 2QFY2019: profit RM191.3 million) on the back of a 13.1% decrease in revenue to RM3.903 billion (Todate 2QFY2019: RM4.493 billion) as a result of lower sales volume. This segment's profit was also affected by the unrealised loss of RM21.8 million (Todate 2QFY2019: unrealised gain RM16.4 million) arising from changes in fair value of outstanding derivative contracts. However, improvement of margins in Malaysia and China operations had mitigated the decline in profit.

The oleochemical division's profit was lower at RM173.7 million (Todate 2QFY2019: profit RM185.5 million) and profits from other manufacturing units had reduced to RM3.7 million (Todate 2QFY2019: profit RM5.8 million).

Notes to Interim Financial Report

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Property Development

Property segment reported a 3.9% drop in profit to RM17.5 million (Todate 2QFY2019: profit RM18.2 million) on the back of a reduced revenue of RM69.2 million (Todate 2QFY2019: RM74.6 million).

Investment Holding/Others

Profit from this segment fell significantly to RM6.9 million (Todate 2QFY2019: profit RM32.2 million) attributable to the sharp drop in farming profit to RM1.2 million (Todate 2QFY2019: profit RM47.6 million) which was caused by a much lower crop production resulting from decline in yield and smaller cropped area. The lower yield was affected by the extremely dry season.

Recognition of share of profit in an overseas associate, Synthomer plc, which amounted to RM33.4 million (Todate 2QFY2019: Nil) had mitigated the reduction in this segment's profit.

Corporate

The Corporate loss of RM142.9 million (Todate 2QFY2019: income RM62.2 million) had accounted for unrealised foreign currency exchange loss of RM121.4 million (Todate 2QFY2019: gain RM35.0 million) due to translation of inter-company loans denominated in foreign currencies.

Last year's six months Corporate income had recognised surplus of RM48.1 million from government acquisition of plantation land.

B2. Variation of Results to Immediate Preceding Quarter
2nd Quarter FY2020 vs 1st Quarter FY2020

	Current Quarter Ended 31/3/2020 RM'000	Immediate Preceding Quarter Ended 31/12/2019 RM'000	+ / (-) %
Revenue	3,803,983	4,077,408	(6.7)
Segment results			
Plantation	145,700	157,658	(7.6)
Manufacturing	97,437	79,983	21.8
Property development	3,960	13,575	(70.8)
Investment holding/Others	11,539	(4,618)	-
	258,636	246,598	4.9
Corporate (loss)/income	(156,066)	13,161	-
Profit before taxation	102,570	259,759	(60.5)

For the 2nd quarter, the Group recorded a decline of 60.5% in profit to RM102.6 million (1QFY2020: profit RM259.8 million) with 6.7% reduction in revenue to RM3.804 billion (1QFY2020: RM4.077 billion). Unrealised foreign currency exchange losses of RM178.1 million (1QFY2020: gain RM27.6 million) had affected the results of the current quarter. Excluding the foreign exchange impact, the Group's 2nd quarter profit increased by 20.9% to RM280.7 million (1QFY2020: profit RM232.2 million).

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Plantation

Plantation profit had decreased 7.6% to RM145.7 million (1QFY2020: profit RM157.7 million) which was affected by:-

- Increase in CPO production cost due to 8.9% drop in FFB production to 890,872 mt.
- Lower sales volume of CPO.
- Unrealised foreign currency exchange loss of RM32.8 million (1QFY2020: gain RM3.6 million) on translation of USD bank loan in an Indonesian subsidiary.
- Fair value loss of RM8.2 million (1QFY2020: gain RM11.7 million) on valuation of unharvested FFB.

However, the following had mitigated the decline in profit:-

- Higher selling prices of CPO and PK realised as follows:-

	<u>2QFY2020</u>	<u>1QFY2020</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	2,572	2,207	16.5
Palm Kernel (RM/mt ex-mill)	1,537	1,247	23.3

- Unrealised profit of RM11.2 million (1QFY2020: unrealised loss RM27.2 million) from changes in fair value on outstanding derivative contracts.

Manufacturing

Manufacturing segment posted a 21.8% improvement in the current quarter's profit to RM97.4 million (1QFY2020: profit RM80.0 million) supported by better profit margins and increased revenue in Europe operations although partially offset by reduction in revenue in China operations. This profit had taken into account of the unrealised loss of RM17.4 million (1QFY2020: unrealised loss RM4.4 million) arising from fair value changes on outstanding derivative contracts.

The oleochemical division registered higher profit at RM96.3 million (1QFY2020: profit RM77.4 million) whilst the other manufacturing units' profit was lower at RM1.1 million (1QFY2020: profit RM2.6 million).

Property Development

Property segment achieved a much lower profit of RM4.0 million (1QFY2020: profit RM13.6 million) with significant reduction of 67.5% in revenue to RM17.0 million (1QFY2020: RM52.2 million).

Investment Holding/Others

This segment had accounted for equity profit of RM33.4 million (1QFY2020: Nil) from an overseas associate, Synthomer plc.

Corporate

The Corporate loss of RM156.1 million (1QFY2020: income RM13.2 million) had included foreign currency exchange loss on translation of inter-company loans denominated in foreign currencies amounting to RM145.3 million (1QFY2020: gain RM23.9 million).

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B3. Current Year Prospects

CPO prices are anticipated to remain under pressure in the second half of financial year 2020 due to economic uncertainties resulting from the COVID-19 pandemic. Nevertheless, plantation profit is expected to be satisfactory for the year in view of this segment's results and CPO prices achieved to date.

Amidst concerns on global economic uncertainties, oleochemical division will focus on the recovery of major markets and expects a challenging operating environment for financial year 2020.

Overall, the Group anticipates satisfactory profits for financial year 2020 subject to uncertainties arising from the COVID-19 pandemic.

B4. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	23,606	23,446	47,073	47,559
Overseas taxation	30,354	26,822	69,866	62,709
	53,960	50,268	116,939	110,268
Deferred tax				
Origination and reversal of temporary differences	(2,415)	(9,301)	(6,470)	(2,323)
Relating to changes in tax rate	36,391	(971)	36,391	(971)
(Over)/Under provision in respect of previous years	(1,465)	(1,494)	7,211	(3,266)
	32,511	(11,766)	37,132	(6,560)
	86,471	38,502	154,071	103,708
(Over)/Under provision in respect of previous years				
Malaysian taxation	(3,916)	31	(3,916)	(238)
Overseas taxation	(3,105)	4,064	(1,959)	3,897
	(7,021)	4,095	(5,875)	3,659
Total	79,450	42,597	148,196	107,367

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	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>102,570</u>	<u>196,056</u>	<u>362,329</u>	<u>532,437</u>
Tax at Malaysian income tax rate of 24% (FY2019: 24%)	24,617	47,054	86,959	127,785
Effect of different tax rates in foreign jurisdictions	(3,674)	(5,068)	(7,743)	(10,666)
Withholding tax on foreign dividend and interest income	6,115	3,670	12,176	13,228
Expenses not deductible for tax purposes	46,067	9,732	66,702	38,581
Tax exempt and non-taxable income	(12,272)	(16,047)	(34,688)	(48,714)
Tax incentives	(848)	(1,359)	(1,702)	(2,223)
Deferred tax (liabilities)/assets not recognised during the period	(875)	2,735	133	1,260
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,780)	(1,629)	(7,693)	(14,693)
Tax effect on associates' and joint ventures' results	(5,543)	1,475	(5,856)	(897)
(Over)/Under provision of tax expense in respect of previous years	(7,021)	4,095	(5,875)	3,659
(Over)/Under provision of deferred tax in respect of previous years	(1,465)	(1,494)	7,211	(3,266)
Effect of changes in tax rates on deferred tax	36,391	(971)	36,391	(971)
Others	738	404	2,181	4,284
Tax expense	<u>79,450</u>	<u>42,597</u>	<u>148,196</u>	<u>107,367</u>

Effect of changes in tax rates on deferred tax of RM36.4 million resulted from the reversal of deferred tax assets after taking into account the reduction of Indonesian corporate tax rate from 25% to 22%. These deferred tax assets were largely derived from revaluation of bearer plants in financial year 2016.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

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(Continued)

B7. Group Borrowings

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

	As at 31 March 2020					
	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 5,440	25,916	Euro 1,242	5,917	Euro 6,682	31,833
<u>Unsecured</u>						
Bank overdrafts	-	-	Euro 24,411	116,292	Euro 24,411	116,292
Revolving credit	-	-	Euro 5,000	23,820	Euro 5,000	23,820
	-	-	Rp 70,165,943	18,594	Rp 70,165,943	18,594
	-	-	Rmb 50,000	30,490	Rmb 50,000	30,490
	-	-	GBP 56,000	300,350	GBP 56,000	300,350
Trade financing	-	-	Rmb 19,826	12,090	Rmb 19,826	12,090
	-	-	USD 75,986	328,106	USD 75,986	328,106
	-	-	-	318,289	-	318,289
Term loans	USD 75,000	324,717	-	-	USD 75,000	324,717
	Euro 40,000	190,497	Euro 34,500	164,312	Euro 74,500	354,809
Export credit refinancing	-	-	-	572	-	572
Bankers' acceptance	-	-	-	172,947	-	172,947
Islamic medium term notes	-	4,600,000	-	-	-	4,600,000
Total		5,141,130		1,491,779		6,632,909

	As at 31 March 2019					
	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 7,300	33,454	Euro 810	3,713	Euro 8,110	37,167
<u>Unsecured</u>						
Bank overdrafts	-	-	Euro 29,543	135,395	Euro 29,543	135,395
Revolving credit	-	-	Euro 15,000	68,745	Euro 15,000	68,745
	-	-	Rp 89,317,717	25,634	Rp 89,317,717	25,634
	-	-	Rmb 88,000	53,566	Rmb 88,000	53,566
	-	-	GBP 6,500	34,611	GBP 6,500	34,611
Trade financing	-	-	-	40,000	-	40,000
	-	-	USD 31,831	130,028	USD 31,831	130,028
	-	-	-	39,308	-	39,308
Term loans	USD 45,000	183,961	-	-	USD 45,000	183,961
	Euro 50,000	229,192	Euro 37,500	171,877	Euro 87,500	401,069
Export credit refinancing	-	-	-	76,992	-	76,992
Bankers' acceptance	-	-	-	328,004	-	328,004
Islamic medium term notes	-	2,600,000	-	-	-	2,600,000
Total		3,046,607		1,107,873		4,154,480

Exchange Rates Applied	As at 31 March	
	2020	2019
USD / RM	4.3180	4.0850
Euro / RM	4.7640	4.5830
Rp1,000 / RM	0.2650	0.2870
Rmb / RM	0.6098	0.6087
GBP / RM	5.3634	5.3248

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B8. Derivative Financial Instruments

The forward foreign exchange contracts are entered into by the Group 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.

As at 31 March 2020, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	
	Value	Fair value
	<u>Net long/(short)</u>	<u>Net gains/(losses)</u>
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,153,812)	(34,043)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(67,988)	346
- 1 year to 3 years	-	-
- More than 3 years	-	-

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 second quarter ended 31 March 2020, 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.

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B11. Dividend

- (a) An interim single tier dividend of 15 sen (2019: 15 sen) per share has been authorised by the Directors in respect of the financial year ending 30 September 2020 and will be paid to the shareholders on 4 August 2020. The entitlement date for the dividend shall be 13 July 2020.

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 9 July 2020 in respect of securities exempted from mandatory deposit;
 - (ii) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 13 July 2020 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) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2019: 15 sen) per share.

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 31 March		6 months ended 31 March	
	2020	2019	2020	2019
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	27,892	142,955	195,091	393,871
(b) Weighted average number of shares	1,070,460,026	1,064,965,692	1,067,697,848	1,064,965,692
(c) Earnings per share (sen)	2.6	13.4	18.3	37.0

B13. Audit Report

The audit report for the financial year ended 30 September 2019 was not subject to any qualifications.

Notes to Interim Financial Report

(Continued)

B14. Profit Before Taxation

Profit before taxation is arrived at after charging and (crediting) the following:

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(30,490)	(17,774)	(64,506)	(35,143)
Other income including dividend income	(17,957)	(26,173)	(35,522)	(43,212)
Interest expense	62,042	41,827	125,439	85,096
Depreciation and amortisation	150,746	137,176	303,466	275,741
Provision for and write-off of receivables	2,887	4,108	2,835	3,450
Provision for and write-off of inventories	16,653	4,740	19,274	24,343
Surplus on disposal of land	(474)	(760)	(778)	(1,184)
Surplus on government acquisition of land	-	(25,601)	-	(48,090)
Foreign exchange loss/(gain)	151,923	(2,718)	124,215	(35,473)
Loss/(Gain) on derivatives	28,586	18,836	68,154	(21,087)
Exceptional items	-	-	-	-

By Order of the Board
 YAP MIOU KIEN
 Company Secretary

27 May 2020