



KUALA LUMPUR KEPONG BERHAD

197301001526 (15043-V)

**Interim Financial Report
For the second quarter ended 31 March 2021**

The Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2021.

Condensed Consolidated Statement of Profit or Loss
For the second quarter ended 31 March 2021

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	6 months ended		+ / (-)
	31 March			31 March		
	2021	2020		2021	2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,508,712	3,803,983	18.5	8,808,505	7,881,391	11.8
Operating expenses	(4,055,047)	(3,663,377)	10.7	(7,965,075)	(7,516,648)	6.0
Other operating income	228,240	909	N/M	377,800	98,625	283.1
Finance costs	(57,485)	(62,042)	(7.3)	(115,745)	(125,439)	(7.7)
Share of results of associates	24,409	38,587	(36.7)	28,328	41,401	(31.6)
Share of results of joint ventures	444	(15,490)	N/M	9,342	(17,001)	N/M
Profit before taxation	649,273	102,570	533.0	1,143,155	362,329	215.5
Taxation	(129,223)	(79,450)	62.6	(215,398)	(148,196)	45.3
Net profit for the period	<u>520,050</u>	<u>23,120</u>	N/M	<u>927,757</u>	<u>214,133</u>	333.3
Attributable to:						
Equity holders of the Company	490,439	27,892	N/M	847,847	195,091	334.6
Non-controlling interests	<u>29,611</u>	<u>(4,772)</u>	N/M	<u>79,910</u>	<u>19,042</u>	319.7
	<u>520,050</u>	<u>23,120</u>	N/M	<u>927,757</u>	<u>214,133</u>	333.3
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>45.5</u>	<u>2.6</u>		<u>78.6</u>	<u>18.3</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

N/M - Not meaningful

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 30 September 2020.

**Condensed Consolidated Statement of Other Comprehensive Income
For the second quarter ended 31 March 2021**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	520,050	23,120	927,757	214,133
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	42,102	(139,861)	106,639	(127,685)
Share of other comprehensive loss in associates	(51,556)	(17,737)	(51,556)	(17,737)
	(9,454)	(157,598)	55,083	(145,422)
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	28,346	(145,684)	64,902	(96,804)
Share of other comprehensive income/(loss) in associates	16,545	(5,116)	16,545	(5,116)
	44,891	(150,800)	81,447	(101,920)
Total other comprehensive income/(loss) for the period	35,437	(308,398)	136,530	(247,342)
Total comprehensive income/(loss) for the period	555,487	(285,278)	1,064,287	(33,209)
Attributable to:				
Equity holders of the Company	525,460	(258,651)	975,998	(28,493)
Non-controlling interests	30,027	(26,627)	88,289	(4,716)
	555,487	(285,278)	1,064,287	(33,209)

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2020.

Condensed Consolidated Statement of Financial Position
As at 31 March 2021

(The figures have not been audited.)

	31 March 2021	30 September 2020
	RM'000	RM'000
Assets		
Property, plant and equipment	7,829,545	7,656,584
Right-of-use assets	864,367	868,435
Inventories	1,099,915	1,096,046
Goodwill on consolidation	323,005	326,345
Intangible assets	21,045	22,324
Investments in associates	1,592,953	1,544,951
Investments in joint ventures	154,794	145,783
Other investments	560,663	416,150
Other receivable	238,897	228,269
Deferred tax assets	346,076	367,758
Total non-current assets	13,031,260	12,672,645
Inventories	2,231,939	1,972,866
Biological assets	108,045	126,922
Trade and other receivables	2,507,950	2,133,846
Contract assets	34,571	10,276
Tax recoverable	33,258	58,497
Derivative financial assets	61,926	98,309
Short term funds	489,566	919,957
Cash and cash equivalents	3,522,979	2,952,981
Total current assets	8,990,234	8,273,654
Total assets	22,021,494	20,946,299
Equity		
Share capital	1,375,695	1,373,861
Reserves	10,065,155	9,466,651
	11,440,850	10,840,512
Less: Cost of treasury shares	(13,582)	(13,447)
Total equity attributable to equity holders of the Company	11,427,268	10,827,065
Non-controlling interests	1,019,912	977,035
Total equity	12,447,180	11,804,100
Liabilities		
Deferred tax liabilities	455,623	452,690
Lease liabilities	137,385	139,856
Deferred income	103,016	106,564
Provision for retirement benefits	551,545	545,568
Borrowings	5,044,592	5,110,442
Total non-current liabilities	6,292,161	6,355,120
Trade and other payables	1,297,884	1,212,849
Contract liabilities	99,068	85,531
Deferred income	8,418	8,419
Lease liabilities	31,581	32,439
Borrowings	1,651,200	1,310,848
Tax payable	80,068	39,546
Derivative financial liabilities	113,934	97,447
Total current liabilities	3,282,153	2,787,079
Total liabilities	9,574,314	9,142,199
Total equity and liabilities	22,021,494	20,946,299
Net assets per share attributable to equity holders of the Company (RM)	10.59	10.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2020.

Condensed Consolidated Statement of Changes in Equity
For the second quarter ended 31 March 2021

(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
At 1 October 2020	1,373,861	1,322,993	(4,322)	610,621	7,537,359	(13,447)	10,827,065	977,035	11,804,100
Net change in fair value of equity instruments	-	-	-	64,902	-	-	64,902	-	64,902
Transfer of reserves	-	2,609	-	-	(2,609)	-	-	-	-
Share of comprehensive income in associates	-	-	(51,556)	-	16,545	-	(35,011)	-	(35,011)
Currency translation differences	-	129	98,131	-	-	-	98,260	8,379	106,639
Total other comprehensive income for the period	-	2,738	46,575	64,902	13,936	-	128,151	8,379	136,530
Profit for the period	-	-	-	-	847,847	-	847,847	79,910	927,757
Total comprehensive income for the period	-	2,738	46,575	64,902	861,783	-	975,998	88,289	1,064,287
Acquisition through business combination	-	-	-	-	-	-	-	347	347
Redemption of redeemable preference shares	-	28,000	-	-	(28,000)	-	-	-	-
Employees' share grant scheme	1,834	-	-	-	-	558	2,392	-	2,392
Shares buy back	-	-	-	-	-	(693)	(693)	-	(693)
Effect of deemed disposal of shares in an associate	-	-	2	-	(2)	-	-	-	-
Dividend paid - FY2020 final	-	-	-	-	(377,494)	-	(377,494)	-	(377,494)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(45,759)	(45,759)
Total transactions with owners of the Company	1,834	28,000	2	-	(405,496)	(135)	(375,795)	(45,412)	(421,207)
At 31 March 2021	1,375,695	1,353,731	42,255	675,523	7,993,646	(13,582)	11,427,268	1,019,912	12,447,180

**Condensed Consolidated Statement of Changes in Equity
For the second quarter ended 31 March 2021**

(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 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2020.

Condensed Consolidated Statement of Cash Flows
For the second quarter ended 31 March 2021
(The figures have not been audited.)

	6 months ended 31 March	
	2021	2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	1,143,155	362,329
Adjustment for non-cash flow:		
Non-cash items	76,558	497,114
Non-operating items	72,298	52,762
Operating profit before working capital changes	1,292,011	912,205
Working capital changes:		
Net change in current assets	(591,297)	194,297
Net change in current liabilities	98,376	(201,141)
Cash generated from operations	799,090	905,361
Interest paid	(113,917)	(121,709)
Tax paid	(118,859)	(90,649)
Retirement benefits paid	(18,156)	(17,892)
Net cash generated from operating activities	<u>548,158</u>	<u>675,111</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(378,683)	(280,277)
Purchase of right-of-use assets	(1,391)	(1,835)
Property development expenditure	(3,869)	(15,074)
Purchase of shares in subsidiaries, net of cash acquired	(5,096)	-
Purchase of additional shares in an associate	(40,317)	(41,407)
Purchase of other investments	(39,225)	-
Purchase of intangible assets	(681)	(1,385)
Proceeds from disposal of property, plant and equipment	4,012	2,548
Compensation from government on land acquired	4,987	-
Proceeds from disposal of land	149,401	-
Proceeds from disposal of investments	-	1,835
Decrease in short term funds	431,313	425,120
Increase in other receivable	(129)	(548)
Dividends received from associates	31,023	8,000
Dividends received from investments	20,203	9,932
Interest received	29,515	34,884
Net cash generated from investing activities	<u>201,063</u>	<u>141,793</u>
Cash Flows from Financing Activities		
Term loans received	109,572	-
Repayment of term loans	(66,125)	(12,667)
Payment of lease liabilities	(16,091)	(15,499)
Payment of lease interest	(4,000)	(2,287)
Net drawdown of short term borrowings	206,439	83,577
Dividends paid to shareholders of the Company	(377,494)	(66,667)
Dividends paid to non-controlling interests	(45,759)	(33,162)
Shares buy back	(693)	-
Net cash used in financing activities	<u>(194,151)</u>	<u>(46,705)</u>
Net increase in cash and cash equivalents	555,070	770,199
Cash and cash equivalents at 1 October	2,823,776	1,919,780
	3,378,846	2,689,979
Currency translation differences on opening balances	3,224	(23,083)
Cash and cash equivalents at 31 March	<u>3,382,070</u>	<u>2,666,896</u>
Cash and cash equivalents consist of:		
Cash and bank balances	940,079	688,239
Deposits with licensed banks	522,550	1,499,656
Fixed income trust funds	2,060,350	595,293
Bank overdrafts	(140,909)	(116,292)
	<u>3,382,070</u>	<u>2,666,896</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2020.

Notes to Interim Financial Report

A Explanatory Notes as required by MFRS 134 Interim Financial Reporting

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 ("BMSB"). The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2020.

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 2020 except for the adoption of the following amendments to MFRSs:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

Amendments to MFRS effective for annual periods beginning on or after 17 August 2020

- Amendments to MFRS 4 *Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9*

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

A2. Seasonal and Cyclical Factors

The Group's plantation and farming 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.

A5. Changes in Debt and Equity Securities

On 8 February 2021, a total of 105,216 treasury shares were transferred to eligible senior management employees at a transfer price of RM22.72 under the employees' share grant scheme. Following the transfer, the number of treasury shares held was reduced from 2,539,000 to 2,433,784.

On 18 February 2021, the Company repurchased 30,000 of its issued shares at average cost of RM23.09 per share, including transaction costs, from the open market. The repurchase transactions were financed by internal generated funds and the repurchased shares are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Notes to Interim Financial Report

(Continued)

Of the total 1,081,017,785 issued and fully paid shares as at 31 March 2021, 2,463,784 shares are held as treasury shares by the Company with the number of outstanding shares in issue and fully paid at 1,078,554,001 shares.

Other than as disclosed above, there were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter ended 31 March 2021.

A6. Dividends Paid

	6 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Dividend proposed in Year 2020, paid in Year 2021:		
Final single tier dividend 35 sen (2020: 35 sen) per share	<u>377,494</u>	<u>372,738</u>

For the final dividend of RM372,738,000 paid in Year 2020, RM306,071,000 was satisfied by the issuance of 13,513,093 new shares of the Company pursuant to the dividend reinvestment plan 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 1,078,554,001 (2020: 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 2021						
Revenue						
External revenue	3,579,164	4,960,520	95,060	173,761	-	8,808,505
Inter-segment revenue	744,447	-	-	188,104	(932,551)	-
Total revenue	<u>4,323,611</u>	<u>4,960,520</u>	<u>95,060</u>	<u>361,865</u>	<u>(932,551)</u>	<u>8,808,505</u>
Results						
Operating results	556,097	351,887	33,891	56,306	-	998,181
Interest income	1,020	1,258	184	37,700	(13,726)	26,436
Finance costs	(4,472)	(23,377)	(36)	(101,586)	13,726	(115,745)
Share of results of associates	4,051	856	4,807	18,614	-	28,328
Share of results of joint ventures	10,197	-	-	(855)	-	9,342
Segment results	<u>566,893</u>	<u>330,624</u>	<u>38,846</u>	<u>10,179</u>	-	<u>946,542</u>
Corporate income						196,613
Profit before taxation						<u>1,143,155</u>

Notes to Interim Financial Report

(Continued)

	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>

(b) Segment assets

	Plantation	Manufacturing	Property	Investment	Consolidated
	RM'000	RM'000	Development	Holding/ Others	
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2021					
Operating assets	7,424,004	7,237,160	1,628,730	3,604,519	19,894,413
Associates	83,647	10,617	63,877	1,434,812	1,592,953
Joint ventures	152,671	-	-	2,123	154,794
Segment assets	<u>7,660,322</u>	<u>7,247,777</u>	<u>1,692,607</u>	<u>5,041,454</u>	<u>21,642,160</u>
Tax assets					379,334
Total assets					<u>22,021,494</u>
As at 30 September 2020					
Operating assets	6,825,451	6,776,399	1,558,409	3,669,051	18,829,310
Associates	82,814	9,784	69,070	1,383,283	1,544,951
Joint ventures	142,784	-	-	2,999	145,783
Segment assets	<u>7,051,049</u>	<u>6,786,183</u>	<u>1,627,479</u>	<u>5,055,333</u>	<u>20,520,044</u>
Tax assets					426,255
Total assets					<u>20,946,299</u>

Notes to Interim Financial Report

(Continued)

(c) Segment liabilities

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
As at 31 March 2021					
Segment liabilities	1,520,193	2,571,426	126,189	4,820,815	9,038,623
Tax liabilities					535,691
Total liabilities					9,574,314
As at 30 September 2020					
Segment liabilities	1,425,007	2,245,465	127,162	4,852,329	8,649,963
Tax liabilities					492,236
Total liabilities					9,142,199

A8. Event Subsequent to Reporting Date

In the interval between the end of the reporting period and the date of this report, no material events has arisen which have not been reflected in the interim report.

A9. Changes in the Composition of the Group

There were no 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.

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.

A11. Capital Commitments

	31 March 2021 RM'000	30 September 2020 RM'000
Capital expenditure		
Approved and contracted	246,102	285,586
Approved but not contracted	970,639	1,334,184
	1,216,741	1,619,770
Acquisition of shares in subsidiaries		
Approved and contracted	763,080	765,196

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.

Notes to Interim Financial Report
(Continued)

	6 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	167,153	136,149
Purchase of goods	806,592	624,606
Service charges paid	1,158	1,369
Research and development services paid	<u>7,587</u>	<u>7,093</u>
(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	9,850	7,874
Siam Taiko Marketing Co Ltd	1,426	735
Taiko Marketing Sdn Bhd	5,034	3,020
Taiko Marketing (Singapore) Pte Ltd	<u>164</u>	<u>1,277</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>2,037</u>	<u>2,043</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,525	2,670
Bukit Katho Estate Sdn Bhd	3,554	2,553
Kampar Rubber & Tin Co Sdn Bhd	4,026	2,762
Malay Rubber Plantations (M) Sdn Bhd	5,172	2,964
PT Agro Makmur Abadi	55,453	34,138
PT Java Taiko Mineralindo	-	2,322
PT Safari Riau	21,785	16,826
PT Satu Sembilan Delapan	12,626	25,602
Taiko Acid Works Sdn Bhd	550	256
Taiko Clay Marketing Sdn Bhd	1,321	1,011
Taiko Drum Industries Sdn Bhd	1,727	1,018
Taiko Marketing Sdn Bhd	<u>8,361</u>	<u>11,225</u>
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	<u>2,348</u>	<u>2,335</u>
Management fees paid		
Farming Management Services Pty Ltd	<u>1,473</u>	<u>1,117</u>
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	<u>710</u>	<u>1,094</u>

Notes to Interim Financial Report
(Continued)

	6 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsubishi Corporation	-	31,582
Agrex Asia Pte Ltd	19,659	-
Mitsui & Co Ltd	<u>125,262</u>	<u>102,114</u>
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	7,627	6,562
PT Eka Dura Indonesia	-	12,364
PT Tanjung Sarana Lestari	<u>856,097</u>	<u>786,277</u>

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

2nd Quarter FY2021 vs 2nd Quarter FY2020

	Quarter Ended		+ / (-) %
	31/3/2021	31/3/2020	
	RM'000	RM'000	
Revenue	<u>4,508,712</u>	<u>3,803,983</u>	18.5
Segment results			
Plantation	277,944	145,700	90.8
Manufacturing	196,900	97,437	102.1
Property development	16,834	3,960	325.1
Investment holding/Others	<u>(12,064)</u>	<u>11,539</u>	-
	479,614	258,636	85.4
Corporate income/(expense)	<u>169,659</u>	<u>(156,066)</u>	-
Profit before taxation	<u>649,273</u>	<u>102,570</u>	533.0

Profit before tax of the Group surged more than 6 times to RM649.3 million (2QFY2020: profit RM102.6 million) contributed by better profits from plantation, manufacturing and property development segments. Profit was also aided by foreign exchange gain in the Corporate segment, surplus on sales of plantation land and government acquisition.

Comments on the business sectors are as follows:

Plantation

Plantation profit was substantially higher at RM277.9 million (2QFY2020: profit RM145.7 million) supported by:

Notes to Interim Financial Report

(Continued)

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

	<u>2QFY2021</u>	<u>2QFY2020</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	2,997	2,572	16.5
Palm Kernel (RM/mt ex-mill)	2,259	1,537	47.0

- Higher contributions from processing and trading operations.
- Lower foreign exchange loss of RM5.7 million (2QFY2020: loss RM32.8 million) from translation of USD bank borrowings in an Indonesian subsidiary.

Manufacturing

Manufacturing segment's profit had doubled to RM196.9 million (2QFY2020: profit RM97.4 million) mainly attributable to improved profit margins and higher revenue of RM2.620 billion (2QFY2020: RM1.977 billion) from increased sales volume. Improvement in performance from Malaysia, China and Europe operations had contributed positively to this segment's profit.

Oleochemical Division's profit jumped more than 2-fold to RM199.2 million (2QFY2020: profit RM96.3 million) whilst other manufacturing units incurred a loss of RM2.3 million (2QFY2020: profit RM1.1 million).

Property Development

Property segment reported a much higher profit of RM16.8 million (2QFY2020: profit RM4.0 million) on the back of significant improvement in revenue to RM41.6 million (2QFY2020: RM17.0 million).

Investment Holding/Others

This segment's loss of RM12.1 million (2QFY2020: profit RM11.5 million) was mainly caused by:

- Decrease in interest income due to reduction in bank deposit rates.
- Lower equity profit of RM18.6 million (2QFY2020: profit RM33.4 million) from an overseas associate, Synthomer plc.

Corporate

Corporate income of RM169.7 million (2QFY2020: expense RM156.1 million) had accounted for the following items:

- Surplus on sales of plantation land and government acquisition of RM154.6 million (2QFY2020: surplus RM474,000).
- Surplus of RM12.2 million (2QFY2020: Nil) on fair value of an ordinary investment which was previously an associate.
- Foreign exchange gain of RM9.6 million (2QFY2020: loss RM145.3 million) on translation of inter-company loans denominated in foreign currencies.

Notes to Interim Financial Report

(Continued)

Todate 2nd Quarter FY2021 vs Todate 2nd Quarter FY2020

	Todate Ended		+ / (-) %
	31/3/2021 RM'000	31/3/2020 RM'000	
Revenue	8,808,505	7,881,391	11.8
Segment results			
Plantation	566,893	303,358	86.9
Manufacturing	330,624	177,420	86.4
Property development	38,846	17,535	121.5
Investment holding/Others	10,179	6,921	47.1
	946,542	505,234	87.3
Corporate income/(expense)	196,613	(142,905)	-
Profit before taxation	1,143,155	362,329	215.5

The Group's todate profit rose more than 3-fold to RM1.143 billion (Todate 2QFY2020: profit RM362.3 million) with revenue increased by 11.8% to RM8.809 billion (Todate 2QFY2020: RM7.881 billion). All segments posted better profits.

Comments on the business sectors are as follows:

Plantation

Plantation segment recorded a sharp rise of 86.9% in profit to RM566.9 million (Todate 2QFY2020: profit RM303.4 million) mainly due to:

- Stronger CPO and PK selling prices realised as follows:

	Todate 2QFY2021	Todate 2QFY2020	% Change
Crude Palm Oil (RM/mt ex-mill)	2,846	2,373	19.9
Palm Kernel (RM/mt ex-mill)	1,976	1,391	42.1

- Improved profit from processing and trading operations.
- Foreign exchange gain amounted to RM4.6 million (Todate 2QFY2020: loss RM29.1 million) from translation of USD bank loans of a subsidiary in Indonesia.

However, the following factors have partially offset the increase in profit:

- Decline in CPO and PK sales volume.
- Higher unrealised loss from changes in fair value of outstanding derivative contracts amounted to RM41.7 million (Todate 2QFY2020: unrealised loss RM16.0 million).

Manufacturing

Manufacturing segment's profit soared 86.4% to RM330.6 million (Todate 2QFY2020: profit RM177.4 million) underpinned by higher revenue of RM4.961 billion (Todate 2QFY2020: RM3.903 billion). The increase in profit was partly offset by unrealised loss of RM10.3 million (Todate 2QFY2020: unrealised loss RM21.8 million) arising from fair value changes on outstanding derivative contracts. The significant increase in profit mainly came from better performance in Malaysia, China and Europe operations.

Notes to Interim Financial Report

(Continued)

Oleochemical Division reported a 89.0% increase in profit to RM328.4 million (Todate 2QFY2020: profit RM173.7 million) whilst other manufacturing units registered lower profit of RM2.2 million (Todate 2QFY2020: profit RM3.7 million).

Property Development

Property segment profit more than doubled to RM38.8 million (Todate 2QFY2020: profit RM17.5 million) underpinned by higher revenue recognised from its Bandar Seri Coalfields project.

Investment Holding/Others

This segment's profit was higher at RM10.2 million (Todate 2QFY2020: profit RM6.9 million) contributed by much better profit from Farming sector of RM44.1 million (Todate 2QFY2020: profit RM1.2 million) due to increase in crop production owing to improvement in yield and higher cropped area.

However, the increase in profit was partly offset by:

- Decline in interest income which was affected by reduction in deposit rates.
- Drop in share of profit from an overseas associate, Synthomer plc, to RM18.6 million (Todate 2QFY2020: profit RM33.4 million).

Corporate

Corporate income of RM196.6 million (Todate 2QFY2020: expense RM142.9 million) had included the following items:

- Surplus on sales of plantation land and government acquisition of RM154.8 million (Todate 2QFY2020: surplus RM774,000).
- Surplus of RM12.2 million (Todate 2QFY2020: Nil) on fair value of an ordinary investment which was previously an associate.
- Foreign exchange gain of RM50.6 million (Todate 2QFY2020: loss RM121.4 million) on translation of inter-company loans denominated in foreign currencies.

B2. Variation of Results to Immediate Preceding Quarter

2nd Quarter FY2021 vs 1st Quarter FY2021

	Current Quarter Ended 31/3/2021 RM'000	Immediate Preceding Quarter Ended 31/12/2020 RM'000	+ / (-) %
Revenue	4,508,712	4,299,793	4.9
Segment results			
Plantation	277,944	288,949	(3.8)
Manufacturing	196,900	133,724	47.2
Property development	16,834	22,012	(23.5)
Investment holding/Others	(12,064)	22,243	-
	479,614	466,928	2.7
Corporate income	169,659	26,954	529.4
Profit before taxation	649,273	493,882	31.5

Notes to Interim Financial Report

(Continued)

The Group's pre-tax profit rose 31.5% to RM649.3 million (1QFY2021: profit RM493.9 million) on the back of a higher revenue of RM4.509 billion (1QFY2021: RM4.300 billion). The increased profit had accounted for surplus of RM154.6 million (1QFY2021: surplus RM133,000) on sales of plantation land and government acquisition.

Plantation

Plantation profit declined slightly to RM277.9 million (1QFY2021: profit RM288.9 million) which was caused by:

- Lower profit posted by processing and trading operations.
- Reduction in CPO and PK sales volume.
- Increase in cost of CPO production caused by drop in FFB production.
- Foreign exchange loss of RM5.7 million (1QFY2020: gain RM10.3 million) from translation of USD bank loan in an Indonesian subsidiary.

However, the following factors had mitigated the decrease in profit:

- Stronger CPO and PK selling prices realised.

	<u>2QFY2021</u>	<u>1QFY2021</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	2,997	2,703	10.9
Palm Kernel (RM/mt ex-mill)	2,259	1,716	31.6

- Lower unrealised loss of RM2.7 million (1QFY2021: unrealised loss RM39.0 million) from changes in fair value of outstanding derivative contracts.

Manufacturing

Manufacturing segment's profit improved 47.2% to RM196.9 million (1QFY2021: profit RM133.7 million) largely supported by substantially higher profit from Europe and Malaysia operations despite recognition of unrealised loss of RM24.8 million (1QFY2021: unrealised gain RM14.5 million) arising from fair value changes on outstanding derivative contracts.

Oleochemical Division posted a 54.2% increase in profit at RM199.2 million (1QFY2021: profit RM129.2 million) whilst other manufacturing units suffered a loss of RM2.3 million (1QFY2021: profit RM4.5 million).

Property Development

Property profit dipped 23.5% to RM16.8 million (1QFY2021: profit RM22.0 million) with 22.1% decline in revenue to RM41.6 million (1QFY2021: RM53.4 million).

Investment Holding/Others

Despite the recognition of an equity profit of RM18.6 million (1QFY2021: Nil) from an overseas associate, Synthomer plc, this segment registered a loss of RM12.1 million (1QFY2021: profit RM22.2 million) which was mainly due to the loss incurred by Farming sector of RM3.1 million (1QFY2021: profit RM47.1 million).

Corporate

Corporate income had accounted for the following major items:

- Surplus arising from sales of plantation land and government acquisition amounted to RM154.6 million (1QFY2021: surplus RM133,000).

Notes to Interim Financial Report

(Continued)

- Surplus of RM12.2 million (1QFY2021: Nil) on fair value of an ordinary investment which was previously an associate.
- Foreign exchange gain of RM9.6 million (1QFY2021: gain RM41.1 million) on translation of inter-company loans denominated in foreign currencies.

B3. Current Year Prospects

Plantation profit for FY2021 will be substantially higher as current CPO prices remain buoyant, underpinned by tight palm oil inventories and global edible oil supplies.

Amidst a difficult operating environment, oleochemical division has performed well. The coming quarters will be challenging for this division due to zero duty for oleochemical products in Indonesia. Nevertheless, this division anticipates its profit for FY2021 to be much better than the preceding year.

Overall, the Group's profit for FY2021 will be significantly higher.

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	27,022	23,606	53,529	47,073
Overseas taxation	58,977	30,354	124,697	69,866
	85,999	53,960	178,226	116,939
Deferred tax				
Origination and reversal of temporary differences	16,114	(2,415)	8,482	(6,470)
Relating to changes in tax rate	20,765	36,391	20,765	36,391
(Over)/Under provision in respect of previous years	(269)	(1,465)	634	7,211
	36,610	32,511	29,881	37,132
	122,609	86,471	208,107	154,071
(Over)/Under provision in respect of previous years				
Malaysian taxation	-	(3,916)	(309)	(3,916)
Overseas taxation	6,614	(3,105)	7,600	(1,959)
	6,614	(7,021)	7,291	(5,875)
Total	129,223	79,450	215,398	148,196

Notes to Interim Financial Report

(Continued)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>649,273</u>	<u>102,570</u>	<u>1,143,155</u>	<u>362,329</u>
Tax at Malaysian income tax rate of 24% (FY2020: 24%)	155,825	24,617	274,357	86,959
Effect of different tax rates in foreign jurisdictions	(4,780)	(3,674)	(16,323)	(7,743)
Withholding tax on foreign dividend and interest income	3,624	6,115	7,349	12,176
Expenses not deductible for tax purposes	10,344	46,067	20,233	66,702
Tax exempt and non-taxable income	(49,378)	(12,272)	(64,783)	(34,688)
Tax incentives	(1,490)	(848)	(2,456)	(1,702)
Deferred tax assets/(liabilities) not recognised during the period	381	(875)	376	133
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(6,004)	(2,780)	(23,833)	(7,693)
Tax effect on associates' and joint ventures' results	(5,965)	(5,543)	(9,041)	(5,856)
Recognition of deferred tax assets not taken up previously	(14)	-	(14)	-
Under/(Over) provision of tax expense in respect of previous years	6,614	(7,021)	7,291	(5,875)
(Over)/Under provision of deferred tax in respect of previous years	(269)	(1,465)	634	7,211
Effect of changes in tax rates on deferred tax	20,765	36,391	20,765	36,391
Others	(430)	738	843	2,181
Tax expense	<u>129,223</u>	<u>79,450</u>	<u>215,398</u>	<u>148,196</u>

Effect of changes in tax rates on deferred tax of RM20.8 million (FY2020: RM36.4 million) resulted from the reversal of deferred tax assets after taking into account the reduction of Indonesian corporate tax rate from 22% to 20% (FY2020: 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.

Notes to Interim Financial Report
(Continued)

B7. Group Borrowings

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

	As at 31 March 2021					
	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
Secured						
Term loans	Euro 4,189	20,373	Euro 1,252	6,087	Euro 5,441	26,460
Unsecured						
Bank overdrafts	-	-	Euro 28,970	140,909	Euro 28,970	140,909
Revolving credit	-	-	Euro 21,000	102,142	Euro 21,000	102,142
	-	-	AUD 6,800	21,423	AUD 6,800	21,423
	-	-	GBP 33,000	188,592	GBP 33,000	188,592
Trade financing	-	-	USD 74,411	308,544	USD 74,411	308,544
	-	-	-	583,821	-	583,821
Term loans	USD 67,000	278,326	USD 29,000	120,332	USD 96,000	398,658
	Euro 30,000	145,893	Euro 13,000	63,200	Euro 43,000	209,093
Bankers' acceptance	-	-	-	116,150	-	116,150
Islamic medium term notes	-	4,600,000	-	-	-	4,600,000
Total		5,044,592		1,651,200		6,695,792

	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
Secured						
Term loans	Euro 5,440	25,916	Euro 1,242	5,917	Euro 6,682	31,833
Unsecured						
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

Exchange Rates Applied	As at 31 March	
	2021	2020
USD / RM	4.1465	4.3180
Euro / RM	4.8639	4.7640
Rp1,000 / RM	0.2855	0.2650
Rmb / RM	0.6328	0.6098
GBP / RM	5.7149	5.3634
AUD / RM	3.1505	2.6500

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.

Notes to Interim Financial Report

(Continued)

As at 31 March 2021, the values and maturity analysis of the outstanding derivatives are as follows:

Derivatives	Contract/Notional	Fair value
	Value Net long/(short) RM'000	Net gains/(losses) RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,310,480)	(20,382)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(84,229)	(31,626)
- 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 2021, 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 (2020: 15 sen) per share has been authorised by the Directors in respect of the financial year ending 30 September 2021 and will be paid to the shareholders on 3 August 2021. The entitlement date for the dividend shall be 12 July 2021.

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 8 July 2021 in respect of securities exempted from mandatory deposit;
 - (ii) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 12 July 2021 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 20 sen (2020: 15 sen) per share.

Notes to Interim Financial Report

(Continued)

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	
	2021	2020	2021	2020
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	490,439	27,892	847,847	195,091
(b) Weighted average number of shares	1,078,525,576	1,070,460,026	1,078,501,923	1,067,697,848
(c) Earnings per share (sen)	45.5	2.6	78.6	18.3

B13. Audit Report

The audit report for the financial year ended 30 September 2020 was not subject to any qualifications.

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(11,902)	(30,490)	(26,436)	(64,506)
Other income including dividend income	(47,782)	(17,957)	(74,458)	(35,522)
Interest expense	57,485	62,042	115,745	125,439
Depreciation and amortisation	152,662	150,746	302,862	303,466
(Reversal of write-off)/Provision for and write-off of receivables	(3,917)	2,887	(2,314)	2,835
Provision for and write-off/(Write-back) of inventories	3,188	16,653	(2,392)	19,274
Surplus on disposal of land	(149,501)	(474)	(149,795)	(778)
Surplus arising from government acquisition of land	(5,148)	-	(4,987)	-
Foreign exchange (gain)/loss	(44,209)	151,923	(112,781)	124,215
Loss/(Gain) on derivatives	301	28,586	(12,825)	68,154
Exceptional items	-	-	-	-

By Order of the Board
YAP MIOU KIEN
Company Secretary

19 May 2021