



KUALA LUMPUR KEPONG BERHAD

197301001526 (15043-V)

**Interim Financial Report
For the first quarter ended 31 December 2021**

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

Condensed Consolidated Statement of Profit or Loss
For the first quarter ended 31 December 2021

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	3 months ended		+ / (-)
	31 December			31 December		
	2021	2020		2021	2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,828,868	4,299,793	58.8	6,828,868	4,299,793	58.8
Operating expenses	(5,959,873)	(3,907,100)	52.5	(5,959,873)	(3,907,100)	52.5
Other operating income	139,205	148,235	(6.1)	139,205	148,235	(6.1)
Finance costs	(75,034)	(58,260)	28.8	(75,034)	(58,260)	28.8
Net impairment reversals/(losses)						
on financial assets	5,728	(1,603)	N/M	5,728	(1,603)	N/M
Share of results of associates	3,438	3,919	(12.3)	3,438	3,919	(12.3)
Share of results of joint ventures	12,770	8,898	43.5	12,770	8,898	43.5
Profit before taxation	955,102	493,882	93.4	955,102	493,882	93.4
Taxation	(277,549)	(86,175)	222.1	(277,549)	(86,175)	222.1
Net profit for the period	<u>677,553</u>	<u>407,707</u>	66.2	<u>677,553</u>	<u>407,707</u>	66.2
Attributable to:						
Equity holders of the Company	599,324	357,408	67.7	599,324	357,408	67.7
Non-controlling interests	<u>78,229</u>	<u>50,299</u>	55.5	<u>78,229</u>	<u>50,299</u>	55.5
	<u>677,553</u>	<u>407,707</u>	66.2	<u>677,553</u>	<u>407,707</u>	66.2
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>55.6</u>	<u>33.1</u>		<u>55.6</u>	<u>33.1</u>	
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

N/M - Not meaningful

N/A - Not applicable

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 30 September 2021.

**Condensed Consolidated Statement of Other Comprehensive Income
For the first quarter year ended 31 December 2021**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	677,553	407,707	677,553	407,707
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(16,895)	64,537	(16,895)	64,537
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	23,740	36,556	23,740	36,556
Total other comprehensive income for the period	6,845	101,093	6,845	101,093
Total comprehensive income for the period	684,398	508,800	684,398	508,800
Attributable to:				
Equity holders of the Company	616,447	450,538	616,447	450,538
Non-controlling interests	67,951	58,262	67,951	58,262
	684,398	508,800	684,398	508,800

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2021.

Condensed Consolidated Statement of Financial Position
As at 31 December 2021

(The figures have not been audited.)

	31 December 2021	30 September 2021
	RM'000	RM'000
Assets		
Property, plant and equipment	11,723,716	11,014,851
Right-of-use assets	1,378,381	1,316,628
Inventories	2,040,144	2,035,257
Goodwill on consolidation	330,002	327,417
Intangible assets	19,625	20,907
Investments in associates	1,968,264	1,777,894
Investments in joint ventures	178,633	179,649
Other investments	622,076	598,959
Other receivables	398,708	444,389
Deferred tax assets	334,738	338,660
Total non-current assets	<u>18,994,287</u>	<u>18,054,611</u>
Inventories	3,199,891	2,991,026
Biological assets	187,581	210,218
Trade and other receivables	2,932,908	3,167,272
Contract assets	28,856	7,448
Tax recoverable	17,042	25,021
Derivative financial assets	145,817	162,459
Short term funds	185,802	253,405
Cash and cash equivalents	3,057,068	3,205,971
Total current assets	<u>9,754,965</u>	<u>10,022,820</u>
Total assets	<u>28,749,252</u>	<u>28,077,431</u>
Equity		
Share capital	1,375,695	1,375,695
Reserves	11,036,456	10,510,376
	12,412,151	11,886,071
Less: Cost of treasury shares	(26,809)	(26,809)
Total equity attributable to equity holders of the Company	12,385,342	11,859,262
Non-controlling interests	1,729,333	2,347,778
Total equity	<u>14,114,675</u>	<u>14,207,040</u>
Liabilities		
Deferred tax liabilities	1,106,393	965,959
Lease liabilities	130,912	133,457
Deferred income	96,273	98,465
Provision for retirement benefits	568,672	559,576
Borrowings	5,536,049	5,612,880
Total non-current liabilities	<u>7,438,299</u>	<u>7,370,337</u>
Trade and other payables	1,969,556	2,734,106
Contract liabilities	134,597	120,584
Deferred income	8,591	8,598
Lease liabilities	23,602	24,975
Borrowings	3,783,297	3,152,482
Tax payable	250,572	221,142
Derivative financial liabilities	163,753	238,167
Dividend payable	862,310	-
Total current liabilities	<u>7,196,278</u>	<u>6,500,054</u>
Total liabilities	<u>14,634,577</u>	<u>13,870,391</u>
Total equity and liabilities	<u>28,749,252</u>	<u>28,077,431</u>
Net assets per share attributable to equity holders of the Company (RM)	11.49	11.00

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2021.

**Condensed Consolidated Statement of Changes in Equity
For the first quarter ended 31 December 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	Other reserve	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2021	1,375,695	1,568,336	113,371	743,755	9,019,962	(935,048)	(26,809)	11,859,262	2,347,778	14,207,040
Net change in fair value of equity instruments	-	-	-	23,740	-	-	-	23,740	-	23,740
Transfer of reserves	-	57,228	-	-	(57,228)	-	-	-	-	-
Currency translation differences	-	(132)	(6,485)	-	-	-	-	(6,617)	(10,278)	(16,895)
Total other comprehensive income/(loss) for the period	-	57,096	(6,485)	23,740	(57,228)	-	-	17,123	(10,278)	6,845
Profit for the period	-	-	-	-	599,324	-	-	599,324	78,229	677,553
Total comprehensive income/(loss) for the period	-	57,096	(6,485)	23,740	542,096	-	-	616,447	67,951	684,398
Acquisition through business combination	-	-	-	-	-	-	-	-	213,187	213,187
Purchase of shares from non-controlling interests	-	-	-	-	(25,690)	799,861	-	774,171	(825,069)	(50,898)
Effect of changes in shareholdings in subsidiaries	-	-	(2,549)	-	321	-	-	(2,228)	(1,312)	(3,540)
Dividend payable	-	-	-	-	(862,310)	-	-	(862,310)	-	(862,310)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(73,202)	(73,202)
Total transactions with owners of the Company	-	-	(2,549)	-	(887,679)	799,861	-	(90,367)	(686,396)	(776,763)
At 31 December 2021	1,375,695	1,625,432	104,337	767,495	8,674,379	(135,187)	(26,809)	12,385,342	1,729,333	14,114,675

**Condensed Consolidated Statement of Changes in Equity
For the first quarter ended 31 December 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 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	-	-	-	36,556	-	-	36,556	-	36,556
Transfer of reserves	-	294	-	-	(294)	-	-	-	-
Currency translation differences	-	67	56,507	-	-	-	56,574	7,963	64,537
Total other comprehensive income/(loss) for the period	-	361	56,507	36,556	(294)	-	93,130	7,963	101,093
Profit for the period	-	-	-	-	357,408	-	357,408	50,299	407,707
Total comprehensive income for the period	-	361	56,507	36,556	357,114	-	450,538	58,262	508,800
Redemption of redeemable preference shares	-	7,000	-	-	(7,000)	-	-	-	-
Dividend payable	-	-	-	-	(377,468)	-	(377,468)	-	(377,468)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(9,812)	(9,812)
Total transactions with owners of the Company	-	7,000	-	-	(384,468)	-	(377,468)	(9,812)	(387,280)
At 31 December 2020	1,373,861	1,330,354	52,185	647,177	7,510,005	(13,447)	10,900,135	1,025,485	11,925,620

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2021.

Condensed Consolidated Statement of Cash Flows
For the first quarter ended 31 December 2021

(The figures have not been audited.)

	3 months ended 31 December	
	2021	2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	955,102	493,882
Adjustment for non-cash flow:		
Depreciation and amortisation	216,700	150,200
Non-cash items	(46,512)	(42,896)
Non-operating items	53,644	35,917
Operating profit before working capital changes	1,178,934	637,103
Working capital changes:		
Net change in current assets	2,757	(218,215)
Net change in current liabilities	(8,019)	89,649
Cash generated from operations	1,173,672	508,537
Interest paid	(27,271)	(20,581)
Tax paid	(240,755)	(57,158)
Retirement benefits paid	(9,313)	(7,312)
Net cash generated from operating activities	896,333	423,486
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(319,274)	(171,646)
Purchase of right-of-use assets	(3,592)	(566)
Property development expenditure	(4,887)	(133)
Purchase of shares in a subsidiary, net of cash acquired	(303,834)	-
Subscription of additional shares in an associate	(247,911)	-
Purchase of shares from non-controlling interests	(850,759)	-
Purchase of other investments	-	(16,464)
Purchase of intangible assets	(137)	(232)
Proceeds from disposal of property, plant and equipment	2,200	2,746
Compensation from government on land acquired	3,451	-
Decrease in short term funds	66,790	260,182
Decrease/(Increase) in other receivables	54,398	(1,495)
Dividends received from associates	53,895	24,556
Dividends received from investments	10,151	10,948
Interest received	9,875	19,019
Net cash (used in)/ generated from investing activities	(1,529,634)	126,915
Cash Flows from Financing Activities		
Term loans received	200,510	58,909
Repayment of term loans	(167,543)	(13,070)
Payment of lease liabilities	(4,799)	(6,197)
Payment of lease interest	(258)	(599)
Net drawdown of short term borrowings	478,034	5,405
Dividends paid to non-controlling interests	(73,202)	(9,812)
Net cash generated from financing activities	432,742	34,636
Net (decrease)/increase in cash and cash equivalents	(200,559)	585,037
Cash and cash equivalents at 1 October	3,082,738	2,823,776
	2,882,179	3,408,813
Currency translation differences on opening balances	(5,096)	1,004
Cash and cash equivalents at 31 December	2,877,083	3,409,817
Cash and cash equivalents consist of:		
Cash and bank balances	1,654,273	675,334
Deposits with licensed banks	881,769	965,486
Fixed income trust funds	521,026	1,906,895
Bank overdrafts	(179,985)	(137,898)
	2,877,083	3,409,817

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2021.

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 2021.

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 2021 except for the adoption of the following amendments to MFRSs:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*

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

There were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial year to-date.

A6. Dividends Paid

There were no dividends paid during the quarter ended 31 December 2021 (31 December 2020: Nil).

Notes to Interim Financial Report

(Continued)

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. Effective from 1 October 2021, refineries and kernel crushing operations are classified from plantation to manufacturing segment to better reflect the performance of the upstream business.

(a) Segment revenue and results

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended						
31 December 2021						
Revenue						
External revenue	1,106,615	5,513,323	56,017	152,913	-	6,828,868
Inter-segment revenue	417,100	787	-	178,579	(596,466)	-
Total revenue	<u>1,523,715</u>	<u>5,514,110</u>	<u>56,017</u>	<u>331,492</u>	<u>(596,466)</u>	<u>6,828,868</u>
Results						
Operating results	597,590	331,447	17,144	71,635	-	1,017,816
Interest income	853	1,044	92	16,431	(7,181)	11,239
Finance costs	(5,197)	(13,296)	-	(63,722)	7,181	(75,034)
Share of results of associates	1,469	379	1,590	-	-	3,438
Share of results of joint ventures	13,208	-	-	(438)	-	12,770
Segment results	<u>607,923</u>	<u>319,574</u>	<u>18,826</u>	<u>23,906</u>	<u>-</u>	<u>970,229</u>
Corporate expense						(15,127)
Profit before taxation						<u>955,102</u>
3 months ended						
31 December 2020						
Revenue						
External revenue	567,085	3,541,006	53,431	138,271	-	4,299,793
Inter-segment revenue	30,339	-	-	69,517	(99,856)	-
Total revenue	<u>597,424</u>	<u>3,541,006</u>	<u>53,431</u>	<u>207,788</u>	<u>(99,856)</u>	<u>4,299,793</u>
Results						
Operating results	229,986	194,490	19,671	53,690	-	497,837
Interest income	624	573	96	20,321	(7,080)	14,534
Finance costs	(2,171)	(11,808)	(22)	(51,339)	7,080	(58,260)
Share of results of associates	1,257	395	2,267	-	-	3,919
Share of results of joint ventures	9,327	-	-	(429)	-	8,898
Segment results	<u>239,023</u>	<u>183,650</u>	<u>22,012</u>	<u>22,243</u>	<u>-</u>	<u>466,928</u>
Corporate income						26,954
Profit before taxation						<u>493,882</u>

Notes to Interim Financial Report

(Continued)

(b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2021					
Operating assets	11,631,060	9,387,069	2,676,138	2,556,308	26,250,575
Associates	33,389	67,967	9,778	1,857,130	1,968,264
Joint ventures	177,807	-	-	826	178,633
Segment assets	<u>11,842,256</u>	<u>9,455,036</u>	<u>2,685,916</u>	<u>4,414,264</u>	<u>28,397,472</u>
Tax assets					351,780
Total assets					<u>28,749,252</u>
As at 30 September 2021					
Operating assets	10,995,695	8,961,526	2,663,988	3,134,998	25,756,207
Associates	31,920	69,532	17,689	1,658,753	1,777,894
Joint ventures	178,381	-	-	1,268	179,649
Segment assets	<u>11,205,996</u>	<u>9,031,058</u>	<u>2,681,677</u>	<u>4,795,019</u>	<u>27,713,750</u>
Tax assets					363,681
Total assets					<u>28,077,431</u>

(c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2021					
Segment liabilities	<u>1,870,168</u>	<u>4,042,362</u>	<u>144,322</u>	<u>6,358,450</u>	<u>12,415,302</u>
Tax liabilities and dividend payable					2,219,275
Total liabilities					<u>14,634,577</u>
As at 30 September 2021					
Segment liabilities	<u>2,813,227</u>	<u>3,775,303</u>	<u>149,627</u>	<u>5,945,133</u>	<u>12,683,290</u>
Tax liabilities					1,187,101
Total liabilities					<u>13,870,391</u>

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 have arisen which have not been reflected in the interim report.

A9. Changes in the Composition of the Group

- (a) During the quarter ended 31 December 2021, the Company further acquired 258,019,883 ordinary shares in IJM Plantations Berhad ("IJMP"), representing 29.30% equity interest in IJMP. Accordingly, the Group holds a total of 836,971,902 IJMP shares, representing 95.05% equity interest in IJMP as at 31 December 2021.

Notes to Interim Financial Report

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- (b) The proposed acquisition of 100% equity interest in PT Prima Dumai Indobulking (“PDI”) by the Company’s wholly-owned subsidiaries, KL-Kepong Industrial Holdings Sdn Bhd and PT KLK Dumai was completed on 21 December 2021. Following the completion, PDI is now a subsidiary of the Group.

PDI is a company incorporated in Indonesia and is principally involved in lease and rental activities. PDI holds a 5-year lease over a piece of land at Dumai port which is adjacent to the existing sites of PT KLK Dumai and PT Kreasijaya. The acquisition of PDI will provide additional land for the Group's oleo and refinery sites to expand and build additional storage tanks.

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 December 2021	30 September 2021
	RM'000	RM'000
Capital expenditure		
Approved and contracted	298,156	376,422
Approved but not contracted	1,801,022	1,503,456
	<u>2,099,178</u>	<u>1,879,878</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.

	3 months ended 31 December	
	2021	2020
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	120,863	85,198
Purchase of goods	647,114	376,408
Service charges paid	401	643
Research and development services paid	<u>3,356</u>	<u>3,515</u>

Notes to Interim Financial Report
(Continued)

	3 months ended	
	31 December	
	2021	2020
	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	7,007	5,433
Taiko Marketing Sdn Bhd	3,678	2,205
Taiko Marketing (Singapore) Pte Ltd	<u>1,263</u>	<u>164</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>1,125</u>	<u>1,010</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,063	838
Bukit Katho Estate Sdn Bhd	2,765	1,521
Kampar Rubber & Tin Co Sdn Bhd	3,745	2,072
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	1,005	-
Malay Rubber Plantations (M) Sdn Bhd	3,348	2,141
PT Agro Makmur Abadi	20,207	26,564
PT Java Taiko Mineralindo	1,159	-
PT Safari Riau	14,314	11,621
PT Satu Sembilan Delapan	4,195	5,935
Taiko Clay Marketing Sdn Bhd	1,038	598
Taiko Drum Industries Sdn Bhd	979	641
Taiko Marketing Sdn Bhd	<u>6,237</u>	<u>4,033</u>
Management fees paid		
Farming Management Services Pty Ltd	<u>1,013</u>	<u>613</u>
Rental of office paid		
Menara KLK Sdn Bhd	<u>-</u>	<u>1,219</u>
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsui & Co Ltd	<u>92,047</u>	<u>53,478</u>
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	6,246	2,509
PT Tanjung Sarana Lestari	<u>541,951</u>	<u>386,748</u>

Notes to Interim Financial Report

(Continued)

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

1st Quarter FY2022 vs 1st Quarter FY2021

	Quarter Ended		+ / (-) %
	31/12/2021 RM'000	31/12/2020 RM'000	
Revenue	6,828,868	4,299,793	58.8
Segment results			
Plantation	607,923	239,023	154.3
Manufacturing	319,574	183,650	74.0
Property development	18,826	22,012	(14.5)
Investment holding/Others	23,906	22,243	7.5
	970,229	466,928	107.8
Corporate (expense)/ income	(15,127)	26,954	(156.1)
Profit before taxation	955,102	493,882	93.4

The Group profit before tax for the 1st quarter almost doubled at RM955.1 million (1QFY2021: profit RM493.9 million) on the back of significant jump in revenue to RM6.829 billion (1QFY2021: RM4.300 billion).

Comments on the business sectors are as follows:

Plantation

Plantation profit more than doubled to RM607.9 million (1QFY2021: profit RM239.0 million) boosted by:

- Significantly higher CPO and PK selling prices realised as follows:

	1QFY2022	1QFY2021	% Change
Crude Palm Oil (RM/mt ex-mill)	4,063	2,703	50.3
Palm Kernel (RM/mt ex-mill)	2,864	1,716	66.9

- Profit contribution from newly acquired subsidiaries.

However, increase in profit was partially offset by higher unrealised loss of RM28.7 million (1QFY2021: unrealised loss RM24.4 million) from fair value changes on outstanding derivative contracts.

Manufacturing

Manufacturing reported 74.0% improvement in profit to RM319.6 million (1QFY2021: profit RM183.7 million) on the back of 55.7% increase in revenue to RM5.513 billion (1QFY2021: RM3.541 billion) and unrealised gain of RM44.9 million (1QFY2021: unrealised loss RM109,000) from fair value changes on outstanding derivative contracts.

Oleochemical division's profit was 86.2% higher at RM240.7 million (1QFY2021: profit RM129.2 million). Improvement in profit was contributed by better performance from all regions.

Notes to Interim Financial Report

(Continued)

Profit from refineries and kernel crushing operations surged 58.5% to RM79.1 million (1QFY2021: profit RM49.9 million) whilst other manufacturing units posted a loss of RM211,000 (1QFY2021: profit RM4.5 million).

Effective from 1 October 2021, refineries and kernel crushing operations are classified from plantation to manufacturing segment to better reflect the performance of the upstream business.

Property Development

Property segment's profit fell 14.5% to RM18.8 million (1QFY2021: profit RM22.0 million) despite higher revenue of RM56.0 million (1QFY2021: RM53.4 million). This was attributed to recognition of profit from projects with lower margins.

Investment Holding/Others

This segment's profit improved marginally to RM23.9 million (1QFY2021: profit RM22.2 million) which was mainly contributed by better profit from Farming sector of RM59.7 million (1QFY2021: profit RM47.1 million) as a result of higher revenue from higher average selling price of all crops.

However, net interest expense increased mainly attributable to higher interest expense on increased bank borrowings.

Corporate

Corporate expense amounted to RM15.1 million (1QFY2021: income RM27.0 million) largely attributable to foreign currency exchange loss of RM3.5 million (1QFY2021: gain RM41.1 million) on translation of inter-company loans denominated in foreign currencies.

B2. Variation of Results to Immediate Preceding Quarter

1st Quarter FY2022 vs 4th Quarter FY2021

	Current Quarter Ended 31/12/2021 RM'000	Immediate Preceding Quarter Ended 30/9/2021 RM'000	+ / (-) %
Revenue	6,828,868	5,934,533	15.1
Segment results			
Plantation	607,923	453,186	34.1
Manufacturing	319,574	276,631	15.5
Property development	18,826	14,569	29.2
Investment holding/Others	23,906	208,874	(88.6)
	970,229	953,260	1.8
Corporate expense	(15,127)	(73,306)	(79.4)
Profit before taxation	955,102	879,954	8.5

The Group's 1st quarter pre-tax profit was higher at RM955.1 million (4QFY2021: profit RM880.0 million) supported by increase in revenue to RM6.829 billion (4QFY2021: RM5.935 billion).

Previous quarter's pre-tax profit had accounted for an impairment of RM61.9 million on an estate in Liberia.

Notes to Interim Financial Report

(Continued)

Comments on various business sectors are as follows:

Plantation

Plantation profit was 34.1% higher at RM607.9 million (4QFY2021: profit RM453.2 million) mainly driven by:

- Better CPO and PK selling prices realised as follows:

	<u>1QFY2022</u>	<u>4QFY2021</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	4,063	3,631	11.9
Palm Kernel (RM/mt ex-mill)	2,864	2,213	29.4

- Profit contribution from newly acquired subsidiaries, IJM Plantations Berhad ("IJMP") and PT Pinang Witmas Sejati for the full quarter as opposed to a profit contribution of one month from IJMP in the previous quarter.
- Lower unrealised loss of RM28.7 million (4QFY2021: unrealised loss RM89.4 million) from fair value changes on outstanding derivative contracts.

However, the increase in profit was partially offset by lower fair value surplus of RM16.1 million (4QFY2021: surplus RM32.8 million) on valuation of unharvested FFB.

Manufacturing

Manufacturing recorded 15.5% higher profit at RM319.6 million (4QFY2021: profit RM276.6 million) in tandem with increase in revenue to RM5.513 billion (4QFY2021: RM4.993 billion) from higher sales volume. Previous quarter had accounted for an impairment of RM29.1 million on an under-performing specialised oleochemical plant.

However, the profit was partially offset by lower unrealised gain of RM44.9 million (1QFY2021: unrealised gain RM53.7 million) from fair value changes on outstanding derivative contracts.

Higher profit from oleochemical division at RM240.7 million (4QFY2021: profit RM144.4 million) was partially offset by lower profit from refineries and kernel crushing operations of RM79.1 million (4QFY2021: profit RM132.4 million). Other manufacturing units incurred a higher loss of RM211,000 (4QFY2021: loss RM118,000).

Property Development

Profit of the Property segment surged 29.2% to RM18.8 million (4QFY2021: profit RM14.6 million).

Investment Holding/Others

This segment's profit fell 88.6% to RM23.9 million (4QFY2021: profit RM208.9 million). Previous quarter had accounted for an equity profit of RM242.0 million from an overseas associate, Synthomer plc.

For the current quarter, Farming sector recorded a profit of RM59.7 million (4QFY2021: loss RM4.7 million) on harvest and sales of crops.

Corporate

Corporate expense was lower at RM15.1 million (4QFY2021: expense RM73.3 million) as this segment had included an impairment of RM61.9 million on an estate in Liberia in the preceding quarter.

Notes to Interim Financial Report
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B3. Current Year Prospects

Plantation profit for FY2022 is expected to be better, supported by buoyant CPO and PK prices and profit contribution from newly acquired subsidiaries.

Despite a challenging operating environment posed by volatility of raw material prices and intense competition, performance of Manufacturing division is projected to be satisfactory for FY2022.

Overall, the Group anticipates a good financial performance for FY2022.

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		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	83,644	26,507	83,644	26,507
Overseas taxation	180,438	65,720	180,438	65,720
	<u>264,082</u>	<u>92,227</u>	<u>264,082</u>	<u>92,227</u>
Deferred tax				
Origination and reversal of temporary differences	24	(7,632)	24	(7,632)
Under provision in respect of previous years	4,282	903	4,282	903
	<u>4,306</u>	<u>(6,729)</u>	<u>4,306</u>	<u>(6,729)</u>
	268,388	85,498	268,388	85,498
Under/(Over) provision in respect of previous years				
Malaysian taxation	4,327	(309)	4,327	(309)
Overseas taxation	4,834	986	4,834	986
	<u>9,161</u>	<u>677</u>	<u>9,161</u>	<u>677</u>
Total	<u>277,549</u>	<u>86,175</u>	<u>277,549</u>	<u>86,175</u>

Notes to Interim Financial Report

(Continued)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	955,102	493,882	955,102	493,882
Tax at Malaysian income tax rate of 24% (FY2021: 24%)	229,224	118,532	229,224	118,532
Effect of different tax rates in foreign jurisdictions	(5,036)	(11,543)	(5,036)	(11,543)
Withholding tax on foreign dividend and interest income	66,230	3,725	66,230	3,725
Expenses not deductible for tax purposes	18,945	9,889	18,945	9,889
Tax exempt and non-taxable income	(14,084)	(15,405)	(14,084)	(15,405)
Tax incentives	(872)	(966)	(872)	(966)
Deferred tax assets/(liabilities) not recognised during the period	34	(5)	34	(5)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(26,679)	(17,829)	(26,679)	(17,829)
Tax effect on associates' and joint ventures' results	(3,892)	(3,076)	(3,892)	(3,076)
Under provision of tax expense in respect of previous years	9,161	677	9,161	677
Under provision of deferred tax in respect of previous years	4,282	903	4,282	903
Others	236	1,273	236	1,273
Tax expense	277,549	86,175	277,549	86,175

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 December 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 3,244	15,364	Euro 1,259	5,962	Euro 4,503	21,326
Unsecured						
Bank overdrafts	-	-	Euro 37,998	179,985	Euro 37,998	179,985
Revolving credit	-	-	Euro 45,000	213,151	Euro 45,000	213,151
	-	-	AUD 25,000	75,625	AUD 25,000	75,625
	-	-	Rp 30,000,000	8,769	Rp 30,000,000	8,769
	-	-	GBP 44,178	249,038	GBP 44,178	249,038
	-	-	USD 50,000	210,639	USD 50,000	210,639
Trade financing	-	-	-	40,000	-	40,000
	-	-	USD 73,911	307,915	USD 73,911	307,915
	-	-	-	512,217	-	512,217
Term loans	USD 111,050	463,085	USD 46,175	192,527	USD 157,225	655,612
	Euro 30,000	142,129	Euro 43,500	206,178	Euro 73,500	348,307
	JPY 3,148,320	114,010	JPY 524,720	19,002	JPY 3,673,040	133,012
	Rp 5,000,000	1,461	Rp 14,405,294	4,211	Rp 19,405,294	5,672
Bankers' acceptance	-	1,200,000	-	-	-	1,200,000
Islamic medium term notes	-	3,600,000	-	1,000,000	-	4,600,000
Total		5,536,049		3,783,297		9,319,346

	As at 31 December 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 4,502	22,122	Euro 1,249	6,138	Euro 5,751	28,260
Unsecured						
Bank overdrafts	-	-	Euro 28,065	137,898	Euro 28,065	137,898
Revolving credit	-	-	Euro 26,000	127,751	Euro 26,000	127,751
	-	-	AUD 6,800	21,048	AUD 6,800	21,048
	-	-	Rp 129,406,208	37,049	Rp 129,406,208	37,049
	-	-	GBP 39,000	214,539	GBP 39,000	214,539
Trade financing	-	-	USD 38,649	155,465	USD 38,649	155,465
	-	-	-	376,265	-	376,265
Term loans	USD 68,500	276,148	USD 20,000	80,537	USD 88,500	356,685
	Euro 40,000	196,637	Euro 10,000	49,181	Euro 50,000	245,818
Bankers' acceptance	-	-	-	172,622	-	172,622
Islamic medium term notes	-	4,600,000	-	-	-	4,600,000
Total		5,094,907		1,378,493		6,473,400

Exchange Rates Applied	As at 31 December	
	2021	2020
USD / RM	4.1660	4.0225
Euro / RM	4.7367	4.9135
GBP / RM	5.6371	5.5010
Rp1,000 / RM	0.2923	0.2863
Rmb / RM	0.6554	0.6163
AUD / RM	3.0250	3.0953
JPY 100 / RM	3.6196	3.8957

Notes to Interim Financial Report

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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 December 2021, the values and maturity analysis of the outstanding derivatives are as follows:

<u>Derivatives</u>	Contract/Notional	Fair value
	Value Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,103,507)	26,218
(ii) Commodity futures contracts		
- Less than 1 year	(105,795)	(44,154)

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 first quarter ended 31 December 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) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2021 (31 December 2020: Nil).

(b) The total dividend for the current financial year to-date is Nil (31 December 2020: Nil).

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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 December		3 months ended 31 December	
	2021	2020	2021	2020
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	599,324	357,408	599,324	357,408
(b) Weighted average number of shares	1,077,887,001	1,078,478,785	1,077,887,001	1,078,478,785
(c) Earnings per share (sen)	55.6	33.1	55.6	33.1

B13. Audit Report

The audit report for the financial year ended 30 September 2021 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 31 December		3 months ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(11,239)	(14,534)	(11,239)	(14,534)
Other income including dividend income	(38,003)	(26,676)	(38,003)	(26,676)
Interest expense	75,034	58,260	75,034	58,260
Depreciation and amortisation	216,700	150,200	216,700	150,200
Write-off of receivables	14	-	14	-
Provision for and write-off/(Write-back) of inventories	45,904	(5,580)	45,904	(5,580)
Surplus on disposal of land	(836)	(294)	(836)	(294)
(Surplus)/Loss arising from government acquisition of land	(3,451)	161	(3,451)	161
Foreign exchange gain	(8,753)	(68,572)	(8,753)	(68,572)
Gain on derivatives	(80,966)	(13,126)	(80,966)	(13,126)
Exceptional items	-	-	-	-

By Order of the Board
YAP MIOU KIEN
Company Secretary

16 February 2022