



**KUALA LUMPUR KEPONG BERHAD**

197301001526 (15043-V)

**Interim Financial Report  
For the third quarter ended 30 June 2022**

The Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2022.

**Condensed Consolidated Statement of Profit or Loss**

**For the third quarter ended 30 June 2022**

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-) %	9 months ended		+ / (-) %
	30 June			30 June		
2022 RM'000	2021 RM'000		2022 RM'000	2021 RM'000		
Revenue	6,961,351	5,172,758	34.6	20,172,770	13,981,263	44.3
Operating expenses	(6,188,423)	(4,559,216)	35.7	(17,818,101)	(12,521,175)	42.3
Other operating income	76,195	395,575	(80.7)	330,637	767,228	(56.9)
Finance costs	(97,613)	(58,679)	66.4	(252,312)	(174,424)	44.7
Net reversals of impairment/(impairment losses) on financial assets	678	(5,134)	N/M	23,586	(2,103)	N/M
Share of results of associates	1,620	2,490	(34.9)	30,185	30,818	(2.1)
Share of results of joint ventures	(143)	5,522	N/M	5,323	14,864	(64.2)
Profit before taxation	753,665	953,316	(20.9)	2,492,088	2,096,471	18.9
Taxation	(143,239)	(124,664)	14.9	(591,828)	(340,062)	74.0
Net profit for the period	<u>610,426</u>	<u>828,652</u>	(26.3)	<u>1,900,260</u>	<u>1,756,409</u>	8.2
Attributable to:						
Equity holders of the Company	558,266	783,937	(28.8)	1,704,160	1,631,784	4.4
Non-controlling interests	52,160	44,715	16.6	196,100	124,625	57.4
	<u>610,426</u>	<u>828,652</u>	(26.3)	<u>1,900,260</u>	<u>1,756,409</u>	8.2
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>51.8</u>	<u>72.7</u>		<u>158.1</u>	<u>151.3</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 third quarter ended 30 June 2022**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	610,426	828,652	1,900,260	1,756,409
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	40,560	40,211	14,444	146,850
Share of other comprehensive (loss)/income in associates	(654)	(237)	22,485	(51,793)
	39,906	39,974	36,929	95,057
<b>Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	(118,587)	11,969	53,774	76,871
Share of other comprehensive income in associates	-	-	19,544	16,545
	(118,587)	11,969	73,318	93,416
Total other comprehensive (loss)/income for the period	(78,681)	51,943	110,247	188,473
Total comprehensive income for the period	531,745	880,595	2,010,507	1,944,882
Attributable to:				
Equity holders of the Company	485,722	841,543	1,820,700	1,817,541
Non-controlling interests	46,023	39,052	189,807	127,341
	531,745	880,595	2,010,507	1,944,882

*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 30 June 2022**

(The figures have not been audited.)

	30 June 2022	30 September 2021
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	11,858,790	11,014,851
Right-of-use assets	1,362,424	1,316,628
Inventories	1,990,652	2,035,257
Goodwill on consolidation	332,192	327,417
Intangible assets	17,778	20,907
Investments in associates	1,924,912	1,777,894
Investments in joint ventures	169,807	179,649
Other investments	655,440	598,959
Other receivables	396,678	444,389
Deferred tax assets	354,185	338,660
<b>Total non-current assets</b>	<b>19,062,858</b>	<b>18,054,611</b>
Inventories	4,286,149	2,991,026
Biological assets	200,542	210,218
Trade and other receivables	3,448,787	3,167,272
Contract assets	61,931	7,448
Tax recoverable	40,904	25,021
Derivative financial assets	320,747	162,459
Short term funds	121,283	253,405
Cash and cash equivalents	3,280,052	3,205,971
<b>Total current assets</b>	<b>11,760,395</b>	<b>10,022,820</b>
<b>Total assets</b>	<b>30,823,253</b>	<b>28,077,431</b>
<b>Equity</b>		
Share capital	1,379,249	1,375,695
Reserves	12,152,438	10,510,376
	13,531,687	11,886,071
Less: Cost of treasury shares	(24,504)	(26,809)
<b>Total equity attributable to equity holders of the Company</b>	<b>13,507,183</b>	<b>11,859,262</b>
Non-controlling interests	1,757,774	2,347,778
<b>Total equity</b>	<b>15,264,957</b>	<b>14,207,040</b>
<b>Liabilities</b>		
Deferred tax liabilities	1,092,582	965,959
Lease liabilities	123,462	133,457
Deferred income	92,333	98,465
Provision for retirement benefits	561,958	559,576
Borrowings	7,172,451	5,612,880
<b>Total non-current liabilities</b>	<b>9,042,786</b>	<b>7,370,337</b>
Trade and other payables	2,146,898	2,734,106
Contract liabilities	149,378	120,584
Deferred income	8,633	8,598
Lease liabilities	22,262	24,975
Borrowings	3,399,496	3,152,482
Tax payable	199,883	221,142
Derivative financial liabilities	373,329	238,167
Dividend payable	215,631	-
<b>Total current liabilities</b>	<b>6,515,510</b>	<b>6,500,054</b>
<b>Total liabilities</b>	<b>15,558,296</b>	<b>13,870,391</b>
<b>Total equity and liabilities</b>	<b>30,823,253</b>	<b>28,077,431</b>
Net assets per share attributable to equity holders of the Company (RM)	12.53	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 third quarter ended 30 June 2022**

(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	-	-	-	53,774	-	-	-	53,774	-	53,774
Realisation on fair value of equity instruments	-	-	-	(164)	164	-	-	-	-	-
Transfer of reserves	-	70,989	-	-	(70,989)	-	-	-	-	-
Share of comprehensive income in associates	-	-	22,485	-	19,544	-	-	42,029	-	42,029
Currency translation differences	-	322	20,415	-	-	-	-	20,737	(6,293)	14,444
Total other comprehensive income/(loss) for the period	-	71,311	42,900	53,610	(51,281)	-	-	116,540	(6,293)	110,247
Profit for the period	-	-	-	-	1,704,160	-	-	1,704,160	196,100	1,900,260
Total comprehensive income for the period	-	71,311	42,900	53,610	1,652,879	-	-	1,820,700	189,807	2,010,507
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Expiry of unconditional mandatory general offer on acquisition of remaining shares in a subsidiary	-	-	-	-	-	126,015	-	126,015	-	126,015
Purchase of shares from non-controlling interests	-	-	11	-	(30,031)	809,033	-	779,013	(856,834)	(77,821)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Surplus on capital reduction	-	(4,700)	-	-	4,700	-	-	-	-	-
Employees' share grant scheme	3,554	-	-	-	-	-	2,305	5,859	-	5,859
Effect of changes in shareholdings in subsidiaries	-	-	(2,297)	-	(3,213)	-	-	(5,510)	1,969	(3,541)
Dividend paid - FY2021 final	-	-	-	-	(862,525)	-	-	(862,525)	-	(862,525)
Dividend payable - FY2022 interim	-	-	-	-	(215,631)	-	-	(215,631)	-	(215,631)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(131,745)	(131,745)
Total transactions with owners of the Company	3,554	(4,700)	(2,286)	-	(1,106,700)	935,048	2,305	(172,779)	(779,811)	(952,590)
At 30 June 2022	1,379,249	1,634,947	153,985	797,365	9,566,141	-	(24,504)	13,507,183	1,757,774	15,264,957

**Condensed Consolidated Statement of Changes in Equity**  
**For the third quarter ended 30 June 2022**

(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	-	-	-	76,871	-	-	76,871	-	76,871
Realisation on fair value of equity instruments	-	-	-	(1,616)	1,616	-	-	-	-
Transfer of reserves	-	2,842	-	-	(2,842)	-	-	-	-
Share of comprehensive (loss)/income in associates	-	-	(51,793)	-	16,545	-	(35,248)	-	(35,248)
Currency translation differences	-	141	143,993	-	-	-	144,134	2,716	146,850
Total other comprehensive income for the period	-	2,983	92,200	75,255	15,319	-	185,757	2,716	188,473
Profit for the period	-	-	-	-	1,631,784	-	1,631,784	124,625	1,756,409
Total comprehensive income for the period	-	2,983	92,200	75,255	1,647,103	-	1,817,541	127,341	1,944,882
Acquisition through business combination	-	-	-	-	-	-	-	367,596	367,596
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	17,402	17,402
Redemption of redeemable preference shares	-	28,000	-	-	(28,000)	-	-	-	-
Employees' share grant scheme	1,834	-	-	-	-	558	2,392	-	2,392
Shares buy back	-	-	-	-	-	(5,837)	(5,837)	-	(5,837)
Effect of deemed disposal of shares in an associate	-	-	2	-	(2)	-	-	-	-
Dividend paid - FY2020 final	-	-	-	-	(377,494)	-	(377,494)	-	(377,494)
Dividend payables - FY2021 interim	-	-	-	-	(215,657)	-	(215,657)	-	(215,657)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(57,404)	(57,404)
Total transactions with owners of the Company	1,834	28,000	2	-	(621,153)	(5,279)	(596,596)	327,594	(269,002)
At 30 June 2021	1,375,695	1,353,976	87,880	685,876	8,563,309	(18,726)	12,048,010	1,431,970	13,479,980

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 third quarter ended 30 June 2022**  
(The figures have not been audited.)

	9 months ended 30 June	
	2022	2021
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	2,492,088	2,096,471
Adjustment for non-cash flow items:		
Depreciation and amortisation	690,170	460,052
Fair value surplus on deemed disposal of an associate	-	(324,260)
Surplus on government acquisition of land	(4,049)	(8,349)
Surplus on disposal of land	(2,254)	(150,029)
Impairment of property, plant and equipment	11,205	-
Other non-cash items	170,598	(56,840)
Non-operating items	177,681	99,722
Operating profit before working capital changes	3,535,439	2,116,767
Working capital changes:		
Net change in current assets	(1,627,356)	(983,255)
Net change in current liabilities	288,157	209,855
Cash generated from operations	2,196,240	1,343,367
Interest paid	(178,604)	(135,147)
Tax paid	(657,633)	(178,383)
Retirement benefits paid	(37,952)	(24,429)
Net cash generated from operating activities	1,322,051	1,005,408
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(872,547)	(603,625)
Purchase of right-of-use assets	(11,905)	(2,452)
Property development expenditure	(7,750)	(9,247)
Purchase of shares in a subsidiary, net of cash acquired	(303,834)	(170,608)
Subscription and purchase of shares in an associate	(305,956)	(40,502)
Purchase of shares from non-controlling interests	(886,854)	-
Purchase of other investments	(26,445)	(39,417)
Purchase of intangible assets	(625)	(767)
Proceeds from disposal of property, plant and equipment	8,150	4,705
Compensation from government on land acquired	4,123	8,349
Proceeds from disposal of land	-	149,401
Proceeds from disposal of other investments	533	16,355
Repayment of advances from a joint venture	15,766	-
Decrease in short term funds	140,755	573,324
Decrease/(Increase) in other receivables	66,435	(22,051)
Dividends received from associates	63,639	40,682
Dividends received from investments	32,576	27,861
Interest received	26,638	38,039
Net cash used in investing activities	(2,057,301)	(29,953)

**Condensed Consolidated Statement of Cash Flows**  
**For the third quarter ended 30 June 2022**

(Continued)

(The figures have not been audited.)

	9 months ended 30 June	
	2022	2021
	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>		
Term loans received	807,778	237,516
Issuance of Islamic medium term notes	2,000,000	-
Repayment of term loans	(879,357)	(145,081)
Payments of lease liabilities	(15,468)	(24,547)
Payments of lease interest	(3,935)	(5,007)
Net (repayment)/drawdown of short term borrowings	(188,538)	345,138
Dividends paid to shareholders of the Company	(862,525)	(377,494)
Dividends paid to non-controlling interests	(131,745)	(57,404)
Issuance of shares to non-controlling interests	10	17,402
Redemption of redeemable preference shares from non-controlling interests	(6,400)	-
Shares buy back	-	(5,837)
Net cash generated from/(used in) financing activities	719,820	(15,314)
Net (decrease)/increase in cash and cash equivalents	(15,430)	960,141
Cash and cash equivalents at 1 October	3,082,738	2,823,776
	3,067,308	3,783,917
Currency translation differences on opening balances	22,911	6,189
Cash and cash equivalents at 30 June	3,090,219	3,790,106
Cash and cash equivalents consist of:		
Cash and bank balances	1,264,289	1,225,153
Deposits with licensed banks	1,596,605	1,069,645
Fixed income trust funds	419,158	1,619,625
Bank overdrafts	(189,833)	(124,317)
	3,090,219	3,790,106

*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 issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter ended 30 June 2022.

#### A6. Dividends Paid

	9 months ended 30 June	
	2022	2021
	RM'000	RM'000
Dividend proposed in Year 2021, paid in Year 2022:		
Final single tier dividend 80 sen (2021: 35 sen) per share	<u>862,525</u>	<u>377,494</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,078,156,123 (2021: 1,078,554,001).

**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
<b>9 months ended</b>						
<b>30 June 2022</b>						
Revenue						
External revenue	3,120,657	16,668,996	146,427	236,690	-	20,172,770
Inter-segment revenue	1,326,742	15,192	-	370,840	(1,712,774)	-
Total revenue	<u>4,447,399</u>	<u>16,684,188</u>	<u>146,427</u>	<u>607,530</u>	<u>(1,712,774)</u>	<u>20,172,770</u>
Results						
Operating results	1,627,247	936,193	50,523	84,045	-	2,698,008
Interest income	5,522	2,800	311	60,607	(27,185)	42,055
Finance costs	(12,162)	(52,689)	(458)	(214,188)	27,185	(252,312)
Share of results of associates	4,897	13,420	1,734	10,134	-	30,185
Share of results of joint ventures	-	6,654	-	(1,331)	-	5,323
Segment results	<u>1,625,504</u>	<u>906,378</u>	<u>52,110</u>	<u>(60,733)</u>	-	<u>2,523,259</u>
Corporate expense						<u>(31,171)</u>
Profit before taxation						<u>2,492,088</u>
<b>9 months ended</b>						
<b>30 June 2021</b>						
Revenue						
External revenue	1,802,869	11,835,688	128,424	214,282	-	13,981,263
Inter-segment revenue	483,087	1,116	-	201,685	(685,888)	-
Total revenue	<u>2,285,956</u>	<u>11,836,804</u>	<u>128,424</u>	<u>415,967</u>	<u>(685,888)</u>	<u>13,981,263</u>
Results						
Operating results	900,462	653,914	48,096	65,737	-	1,668,209
Interest income	1,486	2,125	272	54,752	(20,642)	37,993
Finance costs	(4,950)	(37,889)	(49)	(152,178)	20,642	(174,424)
Share of results of associates	776	5,516	5,912	18,614	-	30,818
Share of results of joint ventures	-	16,151	-	(1,287)	-	14,864
Segment results	<u>897,774</u>	<u>639,817</u>	<u>54,231</u>	<u>(14,362)</u>	-	<u>1,577,460</u>
Corporate income						<u>519,011</u>
Profit before taxation						<u>2,096,471</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
<b>As at 30 June 2022</b>					
Operating assets	11,556,108	10,968,850	2,599,728	3,208,759	28,333,445
Associates	30,816	70,251	9,923	1,813,922	1,924,912
Joint ventures	-	169,855	-	(48)	169,807
Segment assets	<u>11,586,924</u>	<u>11,208,956</u>	<u>2,609,651</u>	<u>5,022,633</u>	<u>30,428,164</u>
Tax assets					395,089
Total assets					<u>30,823,253</u>
<b>As at 30 September 2021</b>					
Operating assets	11,047,799	8,909,421	2,663,988	3,134,999	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>11,079,719</u>	<u>9,157,334</u>	<u>2,681,677</u>	<u>4,795,020</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
<b>As at 30 June 2022</b>					
Segment liabilities	<u>1,603,586</u>	<u>4,325,627</u>	<u>185,619</u>	<u>7,935,368</u>	<u>14,050,200</u>
Tax liabilities and dividend payable					1,508,096
Total liabilities					<u>15,558,296</u>
<b>As at 30 September 2021</b>					
Segment liabilities	<u>2,778,756</u>	<u>3,809,773</u>	<u>149,627</u>	<u>5,945,134</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**

For the 9-month period ended 30 June 2022, the Company further acquired 260,978,421 ordinary shares in KLK Sawit Nusantara Berhad ("KSN"), formerly known as IJM Plantations Berhad, representing 29.63% equity interest in KSN. Accordingly, the Group holds a total of 839,930,440 KSN shares, representing 95.38% equity interest in KSN as at 30 June 2022.

**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.

**Notes to Interim Financial Report**  
(Continued)

**A11. Capital Commitments**

	30 June 2022	30 September 2021
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted	444,526	376,422
Approved but not contracted	1,461,817	1,503,456
	<u>1,906,343</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.

	9 months ended 30 June	
	2022	2021
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	515,693	258,469
Purchase of goods	1,554,389	1,208,262
Service charges paid	1,038	1,486
Research and development services paid	<u>10,468</u>	<u>10,793</u>
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
<b>Sale of goods</b>		
PT Satu Sembilan Delapan	26,596	15,332
Siam Taiko Marketing Co Ltd	3,393	2,290
Taiko Marketing Sdn Bhd	11,150	8,031
Taiko Marketing (Singapore) Pte Ltd	<u>1,929</u>	<u>1,083</u>
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	<u>3,413</u>	<u>3,045</u>
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	2,803	2,400
Bukit Katho Estate Sdn Bhd	9,178	5,644
Kampar Rubber & Tin Co Sdn Bhd	12,095	6,508
Kekal Deras Sdn Bhd	3,162	2,111
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	3,488	1,715
Malay Rubber Plantations (M) Sdn Bhd	14,792	9,152
PT Agro Makmur Abadi	92,080	79,855
PT Bumi Karyatama Raharja	-	2,271
PT Java Taiko Mineralindo	2,372	-
PT Safari Riau	43,164	33,004
PT Satu Sembilan Delapan	17,552	15,130
Taiko Acid Works Sdn Bhd	691	894
Taiko Clay Marketing Sdn Bhd	2,858	2,233
Taiko Drum Industries Sdn Bhd	2,522	2,158
Taiko Marketing Sdn Bhd	<u>21,489</u>	<u>11,545</u>
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	<u>2,455</u>	<u>2,197</u>
<b>Rental of office paid</b>		
Menara KLK Sdn Bhd (formerly known as Batu Kawan Holdings Sdn Bhd)	<u>-</u>	<u>3,606</u>

**Notes to Interim Financial Report**

(Continued)

	9 months ended	
	30 June	
	2022	2021
	RM'000	RM'000
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	<u>1,385</u>	<u>1,025</u>
<b>IT Services</b>		
E-Komoditi Sdn Bhd	<u>-</u>	<u>688</u>
(iii) Transactions between subsidiaries and non-controlling interests		
<b>Sale of goods</b>		
Agrex Asia Pte Ltd	-	45,685
Mitsui & Co Ltd	<u>339,778</u>	<u>204,250</u>
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	10,738	9,557
PT Tanjung Sarana Lestari	<u>1,119,884</u>	<u>1,328,400</u>

**B Explanatory Notes as required by the BMSB Revised Listing Requirements**

**B1. Analysis of Performance**

**3<sup>rd</sup> Quarter FY2022 vs 3<sup>rd</sup> Quarter FY2021**

	Quarter Ended		+ / (-) %
	30/6/2022	30/6/2021	
	RM'000	RM'000	
Revenue	<u>6,961,351</u>	<u>5,172,758</u>	34.6
<b>Segment results</b>			
Plantation	594,279	402,879	47.5
Manufacturing	208,913	237,195	(11.9)
Property development	17,456	15,385	13.5
Investment holding/Others	<u>(54,446)</u>	<u>(24,541)</u>	121.9
	766,202	630,918	21.4
Corporate (expense)/income	<u>(12,537)</u>	<u>322,398</u>	-
Profit before taxation	<u>753,665</u>	<u>953,316</u>	(20.9)

The 3<sup>rd</sup> quarter pre-tax profit for the Group fell 20.9% to RM753.7 million (3QFY2021: profit RM953.3 million) mainly due to the following non-operational gains which were included in previous year's pre-tax profit under Corporate income.

- Fair value surplus amounted to RM324.3 million on deemed disposal of an associate, Aura Muhibah Sdn Bhd ("Aura Muhibah").
- Negative goodwill of RM2.9 million arising from acquisition of Aura Muhibah.

Excluding the above non-operational gains, the Group's current quarter pre-tax profit would be 20.4% higher at RM753.7 million (3QFY2021: profit RM626.1 million) supported by increase in revenue to RM6.961 billion (3QFY2021: RM5.173 billion).

**Notes to Interim Financial Report**

(Continued)

Comments on the business sectors are as follows:

Plantation

Plantation segment reported a substantial increase in profit to RM594.3 million (3QFY2021: profit RM402.9 million) driven by:

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

	<u>3QFY2022</u>	<u>3QFY2021</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	4,857	3,444	41.0
Palm Kernel (RM/mt ex-mill)	3,364	2,387	40.9

- Profit contribution from newly acquired subsidiaries.
- Higher unrealised gain of RM86.7 million (3QFY2021: unrealised gain RM18.7 million) from fair value changes on outstanding derivative contracts.

However, this segment's profit was partially offset by higher CPO production cost and fair value loss of RM56.4 million (3QFY2021: loss RM3.5 million) on valuation of unharvested fresh fruit bunches.

Manufacturing

Manufacturing profit fell 11.9% to RM208.9 million (3QFY2021: profit RM237.2 million) despite a 33.4% increase in revenue to RM5.864 billion (3QFY2021: RM4.397 billion).

Higher profit contribution from Oleochemical division was partially offset by losses from refineries and kernel crushing operations and higher unrealised loss of RM33.7 million (3QFY2021: unrealised loss RM5.4 million) from fair value changes on outstanding derivative contracts.

Property Development

Property profit increased to RM17.5 million (3QFY2021: profit RM15.4 million) on the back of higher revenue at RM53.5 million (3QFY2021: RM33.4 million).

Investment Holding/Others

This segment's loss was higher at RM54.4 million (3QFY2021: loss RM24.5 million) mainly attributable to higher interest expenses arising from an increase in borrowings.

Corporate

In previous year, this segment had included the non-operational gains as mentioned above.

**Notes to Interim Financial Report**

(Continued)

**Todate 3<sup>rd</sup> Quarter FY2022 vs Todate 3<sup>rd</sup> Quarter FY2021**

	Todate Ended		+ / (-) %
	30/6/2022 RM'000	30/6/2021 RM'000	
Revenue	20,172,770	13,981,263	44.3
<b>Segment results</b>			
Plantation	1,625,504	897,774	81.1
Manufacturing	906,378	639,817	41.7
Property development	52,110	54,231	(3.9)
Investment holding/Others	(60,733)	(14,362)	322.9
	2,523,259	1,577,460	60.0
Corporate (expense)/ income	(31,171)	519,011	-
Profit before taxation	2,492,088	2,096,471	18.9

The Group reported an increase in pre-tax profit of RM2.492 billion (Todate 3QFY2021: profit RM2.096 billion) for the 9-month period ended 30 June 2022.

Previous year's pre-tax profit had accounted for the following non-operational gains which were included under corporate income:

- Fair value surplus amounted to RM324.3 million on deemed disposal of an associate, Aura Muhibah.
- Surplus of RM158.4 million on sales of land and government acquisitions.
- Foreign exchange gain of RM51.3 million from translation of inter-company loans denominated in foreign currencies.
- Surplus of RM12.2 million on fair value of an ordinary investment which was previously an associate.
- Negative goodwill of RM2.9 million arising from acquisition of Aura Muhibah.

Excluding the above non-operational gains, the Group's pre-tax profit would be 61.0% higher at RM2.492 billion (Todate 3QFY2021: profit RM1.547 billion) supported by an increase in revenue to RM20.173 billion (Todate 3QFY2021: RM13.981 billion).

Comments on the business sectors are as follows:

Plantation

Plantation profit surged 81.1% to RM1.626 billion (Todate 3QFY2021: profit RM897.8 million) aided by:

- Stronger CPO and PK selling prices realised as follows:

	Todate 3QFY2022	Todate 3QFY2021	% Change
Crude Palm Oil (RM/mt ex-mill)	4,398	3,048	44.3
Palm Kernel (RM/mt ex-mill)	3,357	2,107	59.3

- Profit contribution from newly acquired subsidiaries.

## Notes to Interim Financial Report

(Continued)

Partially offsetting the plantation profit were higher CPO production cost and the following items:

- Unrealised loss of RM26.9 million (Todate 3QFY2021: gain RM12.2 million) from fair value changes on outstanding derivative contracts.
- Fair value loss of RM7.7 million (Todate 3QFY2021: gain RM11.2 million) on valuation of unharvested fresh fruit bunches.

### Manufacturing

Manufacturing segment's profit jumped 41.7% to RM906.4 million (Todate 3QFY2021: profit RM639.8 million) underpinned by higher revenue of RM16.669 billion (Todate 3QFY2021: RM11.836 billion).

Higher profit was mainly due to improved contribution from Oleochemical division which more than offset the drop in profit of refineries and kernel crushing operations. Results were also aided by lower unrealised loss of RM28.9 million (Todate 3QFY2021: unrealised loss RM50.8 million) from fair value changes on outstanding derivative contracts.

### Property Development

Despite higher revenue of RM146.4 million (Todate 3QFY2021: RM128.4 million), property segment's profit fell marginally to RM52.1 million (Todate 3QFY2021: profit RM54.2 million) attributable to lower equity profit from an associate, Kumpulan Sierramas Sdn Bhd.

### Investment Holding/Others

This segment's loss was higher at RM60.7 million (Todate 3QFY2021: loss RM14.4 million) mainly caused by higher interest expenses attributable to an increase in borrowings.

### Corporate

In previous year, this segment had included the non-operational gains as mentioned above.

## **B2. Variation of Results to Immediate Preceding Quarter** **3<sup>rd</sup> Quarter FY2022 vs 2<sup>nd</sup> Quarter FY2022**

	Current Quarter Ended 30/6/2022 RM'000	Immediate Preceding Quarter Ended 31/03/2022 RM'000	+ / (-) %
Revenue	6,961,351	6,382,551	9.1
<b>Segment results</b>			
Plantation	594,279	423,302	40.4
Manufacturing	208,913	377,891	(44.7)
Property development	17,456	15,828	10.3
Investment holding/Others	(54,446)	(30,193)	80.3
	766,202	786,828	(2.6)
Corporate expense	(12,537)	(3,507)	257.5
Profit before taxation	753,665	783,321	(3.8)

The Group's 3<sup>rd</sup> quarter pre-tax profit dropped slightly to RM753.7 million (2QFY2022: profit RM783.3 million) whilst revenue was higher at RM6.961 billion (2QFY2022: RM6.383 billion).



**Notes to Interim Financial Report**  
(Continued)

Comments on various business sectors are as follows:

Plantation

Plantation profit surged 40.4% to RM594.3 million (2QFY2022: profit RM423.3 million) aided by unrealised gain of RM86.7 million (2QFY2022: unrealised loss RM84.9 million) from fair value changes on outstanding derivative contracts and higher CPO selling price realised as follows:

	<u>3QFY2022</u>	<u>2QFY2022</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	4,857	4,378	10.9

However, this segment's profit was partially offset by fair value loss on valuation of unharvested fresh fruit bunches which amounted to RM56.4 million (2QFY2022: gain RM32.6 million).

Manufacturing

Manufacturing profit slid 44.7% to RM208.9 million (2QFY2022: profit RM377.9 million) despite improvement in revenue to RM5.864 billion (2QFY2022: RM5.292 billion).

Whilst Oleochemical division reported higher profit, lower Manufacturing profit was mainly attributable to losses suffered by refineries and kernel crushing operations.

Property Development

Property profit increased to RM17.5 million (2QFY2022: profit RM15.8 million) supported by higher revenue at RM53.5 million (2QFY2022: RM36.9 million).

Investment Holding/Others

This segment's loss was higher at RM54.4 million (2QFY2022: loss RM30.2 million) mainly due to higher interest expenses arising from increase in borrowings. Previous quarter had included an equity profit of RM10.1 million from an overseas associate, Synthomer plc.

Corporate

Corporate expense was higher at RM12.5 million (2QFY2022: expense RM3.5 million) largely due to foreign currency exchange loss of RM4.1 million (2QFY2022: gain RM4.9million) on translation of inter-company loans denominated in foreign currencies.

**Notes to Interim Financial Report**

(Continued)

**B3. Current Year Prospects**

CPO prices have recently fallen from historical highs, triggered by global recessionary fears and backlog of CPO stockpiles in Indonesia. However, supply of vegetable oils globally is still tight and prices are expected to be supported at current levels. Apart from the softening commodity prices, the operating environment for the Plantation sector in the next Quarter will be challenging with supply chain disruptions and inflationary pressures on fertiliser, agrochemicals and fuel prices. The Group has taken steps to mitigate these risks by continuing its efforts to aggressively boost productivity and enhance its mechanisation programmes. Plantation profit is expected to improve in FY2022, driven by higher CPO and PK prices as compared to the previous year.

In the Manufacturing segment, raw material price volatility, high energy costs and persistent logistic issues continue to pose challenges for the remainder of the current financial year. Nevertheless, the Group expects the segment's performance to be satisfactory, supported by its ability to consistently deliver high-quality and sustainably produced ingredients in a tight supply environment.

Overall, the Group expects to deliver a favourable set of results 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		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysian taxation	93,420	61,062	252,138	114,591
Overseas taxation	88,040	61,597	376,989	186,294
	181,460	122,659	629,127	300,885
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(26,767)	10,512	(42,804)	18,994
Relating to changes in tax rate	-	(292)	-	20,473
Under provision in respect of previous years	18,403	3,656	13,213	4,290
	(8,364)	13,876	(29,591)	43,757
	173,096	136,535	599,536	344,642
(Over)/Under provision in respect of previous years				
Malaysian taxation	(32,107)	(12,221)	(27,952)	(12,530)
Overseas taxation	2,250	350	20,244	7,950
	(29,857)	(11,871)	(7,708)	(4,580)
<b>Total</b>	143,239	124,664	591,828	340,062

**Notes to Interim Financial Report**

(Continued)

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	753,665	953,316	2,492,088	2,096,471
Tax at Malaysian income tax rate of 24% (FY2021: 24%)	180,879	228,796	598,101	503,153
Effect of different tax rates in foreign jurisdictions	(36,202)	(7,277)	(54,657)	(23,600)
Withholding tax on foreign dividend and interest income	3,669	3,175	80,984	10,524
Expenses not deductible for tax purposes	7,108	6,991	29,752	27,224
Tax exempt and non-taxable income	(13,560)	(88,751)	(33,285)	(153,534)
Tax incentives	(808)	(459)	(4,615)	(2,915)
Deferred tax assets not recognised during the period	2,802	859	2,802	1,235
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(7,191)	(5,730)	(47,794)	(29,563)
Expiry of tax losses	4,020	-	4,020	-
Tax effect on associates' and joint ventures' results	(355)	(1,923)	(8,522)	(10,964)
Recognition of deferred tax assets not taken up previously	(4,393)	14	(4,393)	-
Over provision of tax expense in respect of previous years	(29,857)	(11,871)	(7,708)	(4,580)
Under provision of deferred tax in respect of previous years	18,403	3,656	13,213	4,290
Effect of changes in tax rates on deferred tax	-	(292)	-	20,473
Prosperity tax	21,280	-	21,280	-
Others	(2,556)	(2,524)	2,650	(1,681)
Tax expense	143,239	124,664	591,828	340,062

**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 30 June 2022					
	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
<b>Secured</b>						
Term loans	Euro 2,611	12,062	Euro 1,263	5,839	Euro 3,874	17,901
<b>Unsecured</b>						
Bank overdrafts	-	-	Euro 41,084	189,833	Euro 41,084	189,833
Revolving credit	-	-	Euro 40,000	184,824	Euro 40,000	184,824
	-	-	AUD 14,000	42,592	AUD 14,000	42,592
	-	-	GBP 15,000	80,505	GBP 15,000	80,505
	-	-	-	44,150	-	44,150
Trade financing	-	-	USD 73,699	324,827	USD 73,699	324,827
	-	-	-	434,742	-	434,742
Term loans	USD 70,350	309,599	USD 59,000	259,696	USD 129,350	569,295
	-	-	Euro 73,500	338,925	Euro 73,500	338,925
	JPY 1,574,160	50,790	JPY 1,049,440	33,860	JPY 2,623,600	84,650
	-	-	Rmb 84,000	55,272	Rmb 84,000	55,272
	-	1,200,000	-	-	-	1,200,000
Bankers' acceptance	-	-	-	404,431	-	404,431
Islamic medium term notes	-	5,600,000	-	1,000,000	-	6,600,000
<b>Total</b>		<b>7,172,451</b>		<b>3,399,496</b>		<b>10,571,947</b>

	As at 30 June 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
<b>Secured</b>						
Term loans	Euro 3,874	19,069	Euro 1,254	6,172	Euro 5,128	25,241
<b>Unsecured</b>						
Bank overdrafts	-	-	Euro 25,256	124,317	Euro 25,256	124,317
Revolving credit	-	-	Euro 23,000	113,211	Euro 23,000	113,211
	-	-	AUD 11,800	36,740	AUD 11,800	36,740
	-	-	GBP 21,100	121,137	GBP 21,100	121,137
Trade financing	-	-	USD 60,040	249,257	USD 60,040	249,257
	-	-	-	505,640	-	505,640
Term loans	USD 65,000	269,802	USD 35,627	147,899	USD 100,627	417,701
	Euro 30,000	147,673	Euro 17,000	83,689	Euro 47,000	231,362
	-	-	Rmb 18,171	11,682	Rmb 18,171	11,682
Bankers' acceptance	-	-	-	436,316	-	436,316
Islamic medium term notes	-	4,600,000	-	-	-	4,600,000
<b>Total</b>		<b>5,036,544</b>		<b>1,836,060</b>		<b>6,872,604</b>

Exchange Rates Applied	As at 30 June	
	2022	2021
USD / RM	4.4075	4.1515
Euro / RM	4.6206	4.9222
GBP / RM	5.3670	5.7411
Rp1,000 / RM	0.2959	0.2863
Rmb / RM	0.6580	0.6429
AUD / RM	3.0423	3.1135
JPY 100 / RM	3.2469	3.7364

## Notes to Interim Financial Report

(Continued)

### 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 30 June 2022, 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	<u>(2,346,590)</u>	<u>(61,299)</u>
(ii) Commodity futures contracts		
- Less than 1 year	<u>1,290,204</u>	<u>8,647</u>

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 third quarter ended 30 June 2022, 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

- An interim single tier dividend of 20 sen (2021: 20 sen) per share has been authorised by the Directors in respect of the financial year ending 30 September 2022 and was paid to the shareholders on 2 August 2022.
- The total dividend for the current financial year to-date is single tier dividend of 20 sen (2021: 20 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		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	558,266	783,937	1,704,160	1,631,784
(b) Weighted average number of shares	1,078,156,123	1,078,542,112	1,078,022,054	1,078,515,320
(c) Earnings per share (sen)	51.8	72.7	158.1	151.3

**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		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(17,435)	(11,557)	(42,055)	(37,993)
Other income including dividend income	(36,842)	(63,703)	(100,367)	(138,161)
Interest expense	97,613	58,679	252,312	174,424
Depreciation and amortisation	228,946	157,190	690,170	460,052
Write-off of receivables	2	1,307	16	2,024
Provision for and write-off of inventories	125,563	18,887	210,649	16,495
Surplus on disposal of land	(864)	(234)	(2,254)	(150,029)
Surplus on government acquisition of land	(570)	(3,362)	(4,049)	(8,349)
Impairment of assets	11,205	-	11,205	-
Foreign exchange (gain)/loss	(5,356)	15,034	(45,443)	(97,746)
Gain on derivatives	(17,333)	(78,580)	(87,464)	(91,405)
Fair value surplus on deemed disposal of an associate	-	(324,260)	-	(324,260)
Exceptional items	-	-	-	-

By Order of the Board  
YAP MIOU KIEN  
Company Secretary

17 August 2022