



**KUALA LUMPUR KEPONG BERHAD**

197301001526 (15043-V)

**Interim Financial Report  
For the first quarter ended 31 December 2022**

The Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 December 2022.

**Condensed Consolidated Statement of Profit or Loss**  
**For the first quarter ended 31 December 2022**

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	3 months ended		+ / (-)
	31 December			31 December		
	2022	2021		2022	2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,707,722	6,828,868	(1.8)	6,707,722	6,828,868	(1.8)
Operating expenses	(6,305,875)	(5,959,873)	5.8	(6,305,875)	(5,959,873)	5.8
Other operating income	287,799	139,205	106.7	287,799	139,205	106.7
Finance costs	(99,752)	(75,034)	32.9	(99,752)	(75,034)	32.9
Net (impairment losses)/reversals						
of impairment on financial assets	(484)	5,728	N/M	(484)	5,728	N/M
Share of results of associates	1,261	3,438	(63.3)	1,261	3,438	(63.3)
Share of results of joint ventures	4,707	12,770	(63.1)	4,707	12,770	(63.1)
Profit before taxation	595,378	955,102	(37.7)	595,378	955,102	(37.7)
Taxation	(112,559)	(277,549)	(59.4)	(112,559)	(277,549)	(59.4)
Net profit for the period	<u>482,819</u>	<u>677,553</u>	(28.7)	<u>482,819</u>	<u>677,553</u>	(28.7)
Attributable to:						
Equity holders of the Company	443,039	599,324	(26.1)	443,039	599,324	(26.1)
Non-controlling interests	<u>39,780</u>	<u>78,229</u>	(49.1)	<u>39,780</u>	<u>78,229</u>	(49.1)
	<u>482,819</u>	<u>677,553</u>	(28.7)	<u>482,819</u>	<u>677,553</u>	(28.7)
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>41.1</u>	<u>55.6</u>		<u>41.1</u>	<u>55.6</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 2022.*

**Condensed Consolidated Statement of Other Comprehensive Income  
For the first quarter ended 31 December 2022**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	482,819	677,553	482,819	677,553
<b>Other comprehensive loss that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	(282,136)	(16,895)	(282,136)	(16,895)
<b>Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	(8,592)	23,740	(8,592)	23,740
Total other comprehensive (loss)/income for the period	(290,728)	6,845	(290,728)	6,845
Total comprehensive income for the period	192,091	684,398	192,091	684,398
Attributable to:				
Equity holders of the Company	189,871	616,447	189,871	616,447
Non-controlling interests	2,220	67,951	2,220	67,951
	192,091	684,398	192,091	684,398

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2022.*

**Condensed Consolidated Statement of Financial Position  
As at 31 December 2022**

(The figures have not been audited.)

	31 December 2022	30 September 2022
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	11,952,091	12,123,317
Right-of-use assets	1,307,585	1,338,533
Inventories	1,992,459	1,991,597
Goodwill on consolidation	335,995	336,241
Intangible assets	17,044	17,142
Investments in associates	2,427,410	2,366,997
Investments in joint ventures	149,132	215,962
Other investments	598,874	595,711
Other receivables	404,155	425,925
Deferred tax assets	303,861	322,289
<b>Total non-current assets</b>	<b>19,488,606</b>	<b>19,733,714</b>
Inventories	3,700,410	4,024,163
Biological assets	152,102	209,344
Trade and other receivables	3,100,227	2,750,026
Contract assets	98,946	83,186
Tax recoverable	79,715	41,253
Derivative financial assets	152,423	545,266
Short term funds	48,911	66,375
Cash and cash equivalents	3,222,456	2,785,198
<b>Total current assets</b>	<b>10,555,190</b>	<b>10,504,811</b>
<b>Total assets</b>	<b>30,043,796</b>	<b>30,238,525</b>
<b>Equity</b>		
Share capital	1,379,249	1,379,249
Reserves	12,259,643	12,932,297
	13,638,892	14,311,546
Less: Cost of treasury shares	(24,504)	(24,504)
<b>Total equity attributable to equity holders of the Company</b>	<b>13,614,388</b>	<b>14,287,042</b>
Non-controlling interests	1,763,428	1,764,780
<b>Total equity</b>	<b>15,377,816</b>	<b>16,051,822</b>
<b>Liabilities</b>		
Deferred tax liabilities	1,098,380	1,098,679
Lease liabilities	152,181	158,322
Deferred income	88,045	90,149
Provision for retirement benefits	477,002	482,598
Borrowings	7,138,234	7,208,861
<b>Total non-current liabilities</b>	<b>8,953,842</b>	<b>9,038,609</b>
Trade and other payables	1,910,405	2,106,407
Contract liabilities	157,828	138,121
Deferred income	8,639	8,628
Lease liabilities	21,271	22,514
Borrowings	2,541,389	2,173,427
Tax payable	134,257	154,681
Derivative financial liabilities	75,824	544,316
Dividend payable	862,525	-
<b>Total current liabilities</b>	<b>5,712,138</b>	<b>5,148,094</b>
<b>Total liabilities</b>	<b>14,665,980</b>	<b>14,186,703</b>
<b>Total equity and liabilities</b>	<b>30,043,796</b>	<b>30,238,525</b>
Net assets per share attributable to equity holders of the Company (RM)	12.63	13.25

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2022.*

**Condensed Consolidated Statement of Changes in Equity  
For the first quarter ended 31 December 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	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2022	1,379,249	1,654,341	412,913	750,923	10,114,120	(24,504)	14,287,042	1,764,780	16,051,822
Net change in fair value of equity instruments	-	-	-	(8,592)	-	-	(8,592)	-	(8,592)
Transfer of reserves	-	10,341	-	-	(10,341)	-	-	-	-
Currency translation differences	-	(4,825)	(239,751)	-	-	-	(244,576)	(37,560)	(282,136)
Total other comprehensive income/(loss) for the period	-	5,516	(239,751)	(8,592)	(10,341)	-	(253,168)	(37,560)	(290,728)
Profit for the period	-	-	-	-	443,039	-	443,039	39,780	482,819
Total comprehensive income/(loss) for the period	-	5,516	(239,751)	(8,592)	432,698	-	189,871	2,220	192,091
Purchase of shares from non-controlling interests	-	-	-	-	-	-	-	(51)	(51)
Dividend payable	-	-	-	-	(862,525)	-	(862,525)	-	(862,525)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3,521)	(3,521)
Total transactions with owners of the Company	-	-	-	-	(862,525)	-	(862,525)	(3,572)	(866,097)
At 31 December 2022	1,379,249	1,659,857	173,162	742,331	9,684,293	(24,504)	13,614,388	1,763,428	15,377,816

**Condensed Consolidated Statement of Changes in Equity  
For the first quarter ended 31 December 2022**

(Continued)

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →						Total	Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Other reserve				Treasury shares
	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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2022.

**Condensed Consolidated Statement of Cash Flows**  
**For the first quarter ended 31 December 2022**  
(The figures have not been audited.)

	<u>3 months ended 31 December</u>	
	2022	2021
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	595,378	955,102
Adjustment for non-cash flow items:		
Depreciation and amortisation	235,162	216,700
Surplus on government acquisition of land	(41,882)	(3,451)
Surplus on disposal of land	(807)	(836)
Share of profits of associates and joint ventures, net of tax	(5,968)	(16,208)
Other non-cash items	(9,030)	(26,017)
Non-operating items	70,670	53,644
Operating profit before working capital changes	<u>843,523</u>	<u>1,178,934</u>
Working capital changes:		
Net change in current assets	(8,978)	2,757
Net change in current liabilities	(221,641)	(8,019)
Cash generated from operations	<u>612,904</u>	<u>1,173,672</u>
Interest paid	(41,357)	(27,271)
Tax paid	(158,389)	(240,755)
Retirement benefits paid	(10,628)	(9,313)
Net cash generated from operating activities	<u><u>402,530</u></u>	<u><u>896,333</u></u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(317,804)	(319,274)
Purchase of right-of-use assets	(2,885)	(3,592)
Property development expenditure	(862)	(4,887)
Purchase of shares in subsidiaries, net of cash acquired	-	(303,834)
Purchase of additional shares in an associate	(16,050)	(247,911)
Purchase of shares from non-controlling interests	(51)	(850,759)
Purchase of intangible assets	(176)	(137)
Proceeds from disposal of property, plant and equipment	1,187	2,200
Compensation from government on land acquired	42,036	3,451
Repayment of advances from a joint venture	51,369	-
Decrease in short term funds	15,067	66,790
(Advances to)/Repayment from plasma project receivables	(3,938)	54,398
Dividends received from associates	-	53,895
Dividends received from investments	10,012	10,151
Interest received	14,271	9,875
Net cash used in investing activities	<u><u>(207,824)</u></u>	<u><u>(1,529,634)</u></u>

**Condensed Consolidated Statement of Cash Flows**  
**For the first quarter ended 31 December 2022**

(Continued)

(The figures have not been audited.)

	3 months ended 31 December	
	2022	2021
	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>		
Drawdown of term loans	115,086	200,510
Repayment of term loans	(138,568)	(167,543)
Payments of lease liabilities	(3,428)	(4,799)
Payments of lease interest	(807)	(258)
Net drawdown of short term borrowings	307,442	478,034
Dividends paid to non-controlling interests	(3,521)	(73,202)
Net cash generated from financing activities	<u>276,204</u>	<u>432,742</u>
Net increase/(decrease) in cash and cash equivalents	470,910	(200,559)
Cash and cash equivalents at 1 October	2,614,904	3,082,738
	3,085,814	2,882,179
Currency translation differences on opening balances	(58,242)	(5,096)
Cash and cash equivalents at 31 December	<u>3,027,572</u>	<u>2,877,083</u>
Cash and cash equivalents consist of:		
Cash and bank balances	1,097,906	1,654,273
Deposits with licensed banks	895,213	881,769
Money market funds	1,229,337	521,026
Bank overdrafts	(194,884)	(179,985)
	<u>3,027,572</u>	<u>2,877,083</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2022.*



## 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 2022.

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 2022 except for the adoption of the following amendments to MFRSs:

#### ***Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022***

- Annual Improvements to MFRS Standards 2018 - 2020
- *Reference to the Conceptual Framework* (Amendments to MFRS 3 *Business Combinations*)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to MFRS 116 *Property, Plant and Equipment*)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)

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 31 December 2022.

#### A6. Dividends Paid

There were no dividends paid during the quarter ended 31 December 2022 (31 December 2021: 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.

**(a) Segment revenue and results**

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
<b>3 months ended</b>						
<b>31 December 2022</b>						
Revenue						
External revenue	966,471	5,522,198	30,955	188,098	-	6,707,722
Inter-segment revenue	390,048	-	-	21,960	(412,008)	-
<b>Total revenue</b>	<b>1,356,519</b>	<b>5,522,198</b>	<b>30,955</b>	<b>210,058</b>	<b>(412,008)</b>	<b>6,707,722</b>
Results						
Operating results	335,445	277,472	7,775	77,552	-	698,244
Interest income	2,647	1,295	1,690	23,438	(10,095)	18,975
Finance costs	(5,068)	(29,844)	(481)	(74,454)	10,095	(99,752)
Share of results of associates	536	776	(51)	-	-	1,261
Share of results of joint ventures	-	4,707	-	-	-	4,707
<b>Segment results</b>	<b>333,560</b>	<b>254,406</b>	<b>8,933</b>	<b>26,536</b>	<b>-</b>	<b>623,435</b>
Corporate expense						(28,057)
<b>Profit before taxation</b>						<b>595,378</b>
<b>3 months ended</b>						
<b>31 December 2021</b>						
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)	-
<b>Total revenue</b>	<b>1,523,715</b>	<b>5,514,110</b>	<b>56,017</b>	<b>331,492</b>	<b>(596,466)</b>	<b>6,828,868</b>
Results						
Operating results	610,798	318,239	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
<b>Segment results</b>	<b>607,923</b>	<b>319,574</b>	<b>18,826</b>	<b>23,906</b>	<b>-</b>	<b>970,229</b>
Corporate expense						(15,127)
<b>Profit before taxation</b>						<b>955,102</b>

**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 31 December 2022</b>					
Operating assets	10,767,446	10,540,562	2,731,380	3,044,290	27,083,678
Associates	31,939	72,630	10,273	2,312,568	2,427,410
Joint ventures	-	149,132	-	-	149,132
Segment assets	<u>10,799,385</u>	<u>10,762,324</u>	<u>2,741,653</u>	<u>5,356,858</u>	<u>29,660,220</u>
Tax assets					383,576
Total assets					<u>30,043,796</u>
<b>As at 30 September 2022</b>					
Operating assets	11,212,000	10,498,732	2,720,186	2,861,106	27,292,024
Associates	31,403	73,887	10,323	2,251,384	2,366,997
Joint ventures	-	215,962	-	-	215,962
Segment assets	<u>11,243,403</u>	<u>10,788,581</u>	<u>2,730,509</u>	<u>5,112,490</u>	<u>29,874,983</u>
Tax assets					363,542
Total assets					<u>30,238,525</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 31 December 2022</b>					
Segment liabilities	<u>1,420,650</u>	<u>3,919,282</u>	<u>191,054</u>	<u>7,039,832</u>	<u>12,570,818</u>
Tax liabilities and dividend payable					2,095,162
Total liabilities					<u>14,665,980</u>
<b>As at 30 September 2022</b>					
Segment liabilities	<u>1,373,621</u>	<u>4,347,938</u>	<u>192,180</u>	<u>7,019,604</u>	<u>12,933,343</u>
Tax liabilities					1,253,360
Total liabilities					<u>14,186,703</u>

**A8. Event Subsequent to Reporting Date**

On 2 February 2023, a total of 272,363 treasury shares were transferred to eligible senior management employees at a transfer price of RM20.82 under the employees' share grant scheme ("ESGS").

The ESGS is not expected to have any material impact on the issued share capital, net asset, gearing, substantial shareholdings and earning of the Company for the financial year ending 30 September 2023.

**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.

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

**A11. Capital Commitments**

	31 December 2022	30 September 2022
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted	1,013,419	790,545
Approved but not contracted	<u>1,557,072</u>	<u>2,065,139</u>
	<u>2,570,491</u>	<u>2,855,684</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	
	2022	2021
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	228,180	120,863
Purchase of goods	496,618	647,114
Service charges paid	354	401
Research and development services paid	<u>2,130</u>	<u>3,356</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	11,241	7,007
Taiko Marketing Sdn Bhd	3,139	3,678
Taiko Marketing (Singapore) Pte Ltd	<u>463</u>	<u>1,263</u>
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	<u>1,123</u>	<u>1,125</u>
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	1,733	1,063
Bukit Katho Estate Sdn Bhd	2,289	2,765
Kampar Rubber & Tin Co Sdn Bhd	3,063	3,745
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	3,113	1,005
Malay Rubber Plantations (M) Sdn Bhd	3,724	3,348
PT Agro Makmur Abadi	21,768	20,207
PT Java Taiko Mineralindo	123	1,159
PT Safari Riau	12,918	14,314
PT Satu Sembilan Delapan	14,260	4,195
Taiko Clay Marketing Sdn Bhd	1,893	1,038
Taiko Drum Industries Sdn Bhd	438	979
Taiko Marketing Sdn Bhd	<u>8,891</u>	<u>6,237</u>

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

	3 months ended	
	31 December	
	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>Management fees paid</b>		
Farming Management Services Pty Ltd	712	1,013
(iii) Transactions between subsidiaries and non-controlling interests		
<b>Sale of goods</b>		
Mitsui & Co Ltd	131,531	92,047
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	6,246
PT Kimia Tirta Utama	22,430	-
PT Sawit Asahan Indah	2,553	-
PT Tanjung Bina Lestari	3,426	-
PT Tanjung Sarana Lestari	352,520	541,951

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

**B1. Analysis of Performance**

**1<sup>st</sup> Quarter FY2023 vs 1<sup>st</sup> Quarter FY2022**

	Quarter Ended		+ / (-) %
	31/12/2022	31/12/2021	
	RM'000	RM'000	
Revenue	6,707,722	6,828,868	(1.8)
<b>Segment results</b>			
Plantation	333,560	607,923	(45.1)
Manufacturing	254,406	319,574	(20.4)
Property development	8,933	18,826	(52.5)
Investment holding/Others	26,536	23,906	11.0
	623,435	970,229	(35.7)
Corporate expense	(28,057)	(15,127)	85.5
Profit before taxation	595,378	955,102	(37.7)

The Group's pre-tax profit for the 1<sup>st</sup> quarter slid 37.7% to RM595.4 million (1QFY2022: profit RM955.1 million) whilst revenue was marginally lower at RM6.708 billion (1QFY2022: RM6.829 billion).

**Notes to Interim Financial Report**

(Continued)

Comments on the business sectors are as follows:

Plantation

Notwithstanding an increase in CPO and PK sales volume, the sharp fall in Plantation profit to RM333.6 million (1QFY2022: profit RM607.9 million) was largely caused by:

- Lower CPO and PK selling prices realised as follows:

	<u>1QFY2023</u>	<u>1QFY2022</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	3,737	4,063	(8.0)
Palm Kernel (RM/mt ex-mill)	1,951	2,864	(31.9)

- Higher CPO production cost.
- Net loss of RM70.1 million (1QFY2022: gain RM16.7 million) arising from fair value changes on outstanding derivative contracts.
- Lower fair value gain of RM5.3 million (1QFY2022: gain RM16.1 million) on valuation of unharvested fresh fruit bunches.

Manufacturing

Whilst revenue was flat at RM5.522 billion (1QFY2022: RM5.513 billion), manufacturing profit fell 20.4% to RM254.4 million (1QFY2022: profit RM319.6 million) mainly attributable to lower profit contribution from Oleochemical division which was partially offset by higher profit from the refineries and kernel crushing operations.

Property Development

Property segment's profit fell 52.5% to RM8.9 million (1QFY2022: profit RM18.8 million) on the back of lower revenue at RM31.0 million (1QFY2022: RM56.0 million).

Investment Holding/Others

Improved profit from this segment of RM26.5 million (1QFY2022: profit RM23.9 million) was achieved through better profit from Farming sector of RM62.7 million (1QFY2022: profit RM59.7 million) as a result of higher crop production and better average selling prices of all crops.

Corporate

The increase in Corporate expense to RM28.1 million (1QFY2022: expense RM15.1 million) mainly came from higher foreign currency exchange loss of RM40.8 million (1QFY2022: loss RM3.5 million) on translation of inter-company loans denominated in foreign currencies, mitigated by a surplus on sale of land and government acquisition amounted to RM42.7 million (1QFY2022: surplus RM4.3 million).

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

**B2. Variation of Results to Immediate Preceding Quarter**  
**1<sup>st</sup> Quarter FY2023 vs 4<sup>th</sup> Quarter FY2022**

	Current Quarter Ended 31/12/2022	Immediate Preceding Quarter Ended 30/09/2022	+ / (-) %
	RM'000	RM'000	
Revenue	<u>6,707,722</u>	<u>6,976,704</u>	(3.9)
<b>Segment results</b>			
Plantation	333,560	513,554	(35.0)
Manufacturing	254,406	164,192	54.9
Property development	8,933	18,748	(52.4)
Investment holding/Others	<u>26,536</u>	<u>48,324</u>	(45.1)
	623,435	744,818	(16.3)
Corporate expense	<u>(28,057)</u>	<u>(17,428)</u>	61.0
Profit before taxation	<u>595,378</u>	<u>727,390</u>	(18.1)

The Group's 1<sup>st</sup> quarter profit before taxation was 18.1% lower at RM595.4 million (4QFY2022: profit RM727.4 million) with revenue marginally down at RM6.708 billion (4QFY2022: RM6.977 billion).

Comments on various business sectors are as follows:

Plantation

Plantation profit fell 35.0% to RM333.6 million (4QFY2022: profit RM513.6 million) mainly due to:

- Lower CPO and PK selling prices realised as follows:

	<u>1QFY2023</u>	<u>4QFY2022</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	3,737	3,815	(2.0)
Palm Kernel (RM/mt ex-mill)	1,951	2,082	(6.3)

- Higher CPO production cost.
- Net loss of RM70.1 million (4QFY2022: gain RM107.8 million) from fair value changes on outstanding derivative contracts.

However, the decrease in profit was cushioned by:

- Increase in CPO and PK sales volume.
- Fair value gain of RM5.3 million (4QFY2022: loss RM9.8 million) on valuation of unharvested fresh fruit bunches.

Manufacturing

Manufacturing profit surged 54.9% to RM254.4 million (4QFY2022: profit RM164.2 million) driven by higher profit contributions from Oleochemical division, refineries and kernel crushing operations.

## Notes to Interim Financial Report

(Continued)

### Property Development

Property sector's profit fell to RM8.9 million (4QFY2022: profit RM18.7 million) on the back of lower revenue at RM31.0 million (4QFY2022: RM48.8 million).

### Investment Holding/Others

This segment posted a lower profit of RM26.5 million (4QFY2022: profit RM48.3 million). Previous quarter's profit had included an equity profit of RM104.5 million from an overseas associate, Synthomer plc.

For the current quarter, Farming sector recorded a profit of RM62.7 million (4QFY2022: loss RM6.4 million) on harvest and sales of crops.

### Corporate

Corporate expense of RM28.1 million (4QFY2022: expense RM17.4 million) has included a foreign currency exchange loss of RM40.8 million (4QFY2022: gain RM4.2 million) on translation of inter-company loans denominated in foreign currencies, but mitigated by a surplus on sale of land and government acquisition of RM42.7 million (4QFY2022: surplus RM1.4 million).

## **B3. Prospects**

Current palm oil market appears to remain uncertain, influenced by trade policy changes in both consuming and producing countries, lingering geopolitical tensions that could still impact commodity prices and concerns on global economic performance. Notwithstanding its discount to soybean oil, palm oil prices have eased considerably from the historically high levels seen recently. Profitability contribution from plantation segment is expected to soften for FY2023.

The Group remains focused to boost productivity and improve the fresh fruit bunches and crude palm oil ("CPO") yield to mitigate the impact of rising costs.

Operating environment for Oleochemicals business is expected to face persistent headwinds, especially in Europe, for the remainder of FY2023 amidst global recessionary fear, which could result in weaker consumer demand. The economic impact of China's re-opening remains to be seen, despite some positive outlook. The Group continues to focus on operational efficiency and consistency in delivering high-quality, specialty and sustainably produced products to the market.

The Group expects its financial performance for the year ending 30 September 2023 to be subdued as compared to the previous financial year.

## **B4. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current financial year-to-date.



**Notes to Interim Financial Report**

(Continued)

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysian taxation	41,474	83,644	41,474	83,644
Overseas taxation	52,537	180,438	52,537	180,438
	94,011	264,082	94,011	264,082
(Over)/Under provision in respect of previous year				
Malaysian taxation	(1,803)	4,327	(1,803)	4,327
Overseas taxation	15,529	4,834	15,529	4,834
	13,726	9,161	13,726	9,161
	107,737	273,243	107,737	273,243
<b>Deferred tax</b>				
Origination and reversal of temporary differences	16,348	24	16,348	24
(Over)/Under provision in respect of previous year	(11,526)	4,282	(11,526)	4,282
	4,822	4,306	4,822	4,306
Total	112,559	277,549	112,559	277,549
Profit before taxation	595,378	955,102	595,378	955,102
Tax at Malaysian income tax rate of 24% (FY2022: 24%)	142,891	229,224	142,891	229,224
Effect of different tax rates in foreign jurisdictions	(11,753)	(5,036)	(11,753)	(5,036)
Withholding tax on foreign dividend and interest income	3,955	66,230	3,955	66,230
Expenses not deductible for tax purposes	22,970	18,945	22,970	18,945
Tax exempt and non-taxable income	(26,471)	(14,084)	(26,471)	(14,084)
Tax incentives	(1,245)	(872)	(1,245)	(872)
Deferred tax assets not recognised during the period	633	34	633	34
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(20,715)	(26,679)	(20,715)	(26,679)
Tax effect on associates' and joint ventures' results	(1,432)	(3,890)	(1,432)	(3,890)
Under provision of tax expense in respect of previous year	13,726	9,161	13,726	9,161
(Over)/Under provision of deferred tax in respect of previous year	(11,526)	4,282	(11,526)	4,282
Others	1,526	234	1,526	234
Tax expense	112,559	277,549	112,559	277,549

**Notes to Interim Financial Report**

(Continued)

**B6. Status of Corporate Proposals Announced**

There were no corporate proposals announced.

**B7. Group Borrowings**

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

	As at 31 December 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 1,869	8,812	Euro 1,269	5,985	Euro 3,138	14,797
<b>Unsecured</b>						
Bank overdrafts	-	-	Euro 41,332	194,884	Euro 41,332	194,884
Revolving credit	-	-	Euro 45,000	212,180	Euro 45,000	212,180
	-	-	AUD 23,000	69,037	AUD 23,000	69,037
	-	-	GBP 27,000	143,899	GBP 27,000	143,899
	-	-	-	61,300	-	61,300
Trade financing	-	-	USD 72,009	317,200	USD 72,009	317,200
	-	-	-	533,692	-	533,692
Term loans	-	1,200,000	-	-	-	1,200,000
	-	-	Rmb 103,000	65,776	Rmb 103,000	65,776
	USD 42,650	187,969	USD 46,550	205,403	USD 89,200	393,372
	Euro 30,000	141,453	Euro 29,000	136,855	Euro 59,000	278,308
Bankers' acceptance	-	-	-	595,178	-	595,178
Islamic medium term notes	-	5,600,000	-	-	-	5,600,000
<b>Total</b>		<b>7,138,234</b>		<b>2,541,389</b>		<b>9,679,623</b>

	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
<b>Secured</b>						
Term loans	Euro 3,244	15,364	Euro 1,259	5,962	Euro 4,503	21,326
<b>Unsecured</b>						
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
	-	-	-	40,000	-	40,000
Trade financing	-	-	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
	-	1,200,000	-	-	-	1,200,000
Bankers' acceptance	-	-	-	558,078	-	558,078
Islamic medium term notes	-	3,600,000	-	1,000,000	-	4,600,000
<b>Total</b>		<b>5,536,049</b>		<b>3,783,297</b>		<b>9,319,346</b>

Exchange Rates Applied	As at 31 December	
	2022	2021
USD / RM	4.4050	4.1660
Euro / RM	4.7151	4.7367
Rp1,000 / RM	0.2830	0.2923
Rmb / RM	0.6386	0.6554
GBP / RM	5.3296	5.6371
AUD / RM	3.0016	3.0250
JPY 100 / RM	3.3594	3.6196

**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 31 December 2022, 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	<u>(1,985,822)</u>	<u>27,271</u>
(ii) Commodity futures contracts		
- Less than 1 year	<u>(306,917)</u>	<u>49,328</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 first quarter ended 31 December 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**

- (a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2022 (31 December 2021: Nil).
- (b) The total dividend for the current financial year to-date is Nil (31 December 2021: Nil).

**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		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	443,039	599,324	443,039	599,324
(b) Weighted average number of shares	1,078,156,123	1,077,887,001	1,078,156,123	1,077,887,001
(c) Earnings per share (sen)	41.1	55.6	41.1	55.6

**B13. Audit Report**

The audit report for the financial year ended 30 September 2022 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		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(18,975)	(11,239)	(18,975)	(11,239)
Other income including dividend income	(38,006)	(38,003)	(38,006)	(38,003)
Interest expense	99,752	75,034	99,752	75,034
Depreciation and amortisation	235,162	216,700	235,162	216,700
Write-off of receivables	1,178	14	1,178	14
Provision for and (write-back)/write-off of inventories	(9,142)	45,904	(9,142)	45,904
Surplus on disposal of land	(807)	(836)	(807)	(836)
Surplus on government acquisition of land	(41,882)	(3,451)	(41,882)	(3,451)
Foreign exchange loss/(gain)	144,364	(8,753)	144,364	(8,753)
Gain on derivatives	(11,606)	(80,966)	(11,606)	(80,966)
Exceptional items	-	-	-	-

By Order of the Board  
YAP MIOU KIEN  
Company Secretary

22 February 2023