



KUALA LUMPUR KEPONG BERHAD

197301001526 (15043-V)

**Interim Financial Report
For the third quarter ended 30 June 2023**

The Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2023.

Condensed Consolidated Statement of Profit or Loss
For the third quarter ended 30 June 2023

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	9 months ended		+ / (-)
	30 June			30 June		
	2023	2022		2023	2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,114,139	6,961,351	(26.5)	17,870,276	20,172,770	(11.4)
Operating expenses	(5,012,866)	(6,188,423)	(19.0)	(16,952,415)	(17,818,101)	(4.9)
Other operating income	82,178	76,195	7.9	530,015	330,637	60.3
Finance costs	(102,721)	(97,613)	5.2	(302,118)	(252,312)	19.7
Net (impairment losses)/reversals of impairment on financial assets	(426)	678	N/M	92	23,586	(99.6)
Share of results of associates	1,072	1,620	(33.8)	(159,989)	30,185	N/M
Share of results of joint ventures	(6,842)	(143)	*	(16,453)	5,323	N/M
Profit before taxation	74,534	753,665	(90.1)	969,408	2,492,088	(61.1)
Taxation	33,043	(143,239)	N/M	(147,490)	(591,828)	(75.1)
Net profit for the period	<u>107,577</u>	<u>610,426</u>	(82.4)	<u>821,918</u>	<u>1,900,260</u>	(56.7)
Attributable to:						
Equity holders of the Company	84,103	558,266	(84.9)	717,951	1,704,160	(57.9)
Non-controlling interests	23,474	52,160	(55.0)	103,967	196,100	(47.0)
	<u>107,577</u>	<u>610,426</u>	(82.4)	<u>821,918</u>	<u>1,900,260</u>	(56.7)
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>7.8</u>	<u>51.8</u>		<u>66.6</u>	<u>158.1</u>	
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>	

* More than 100%

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 third quarter ended 30 June 2023**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	107,577	610,426	821,918	1,900,260
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	619,173	40,560	582,680	14,444
Share of other comprehensive (loss)/income in associates	(25)	(654)	42,382	22,485
	619,148	39,906	625,062	36,929
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	(131,208)	(118,587)	(84,877)	53,774
Share of other comprehensive (loss)/income in associates	-	-	(21,153)	19,544
Share of other comprehensive loss in joint venture	(18)	-	(18)	-
	(131,226)	(118,587)	(106,048)	73,318
Total other comprehensive income/(loss) for the period	487,922	(78,681)	519,014	110,247
Total comprehensive income for the period	595,499	531,745	1,340,932	2,010,507
Attributable to:				
Equity holders of the Company	553,507	485,722	1,240,488	1,820,700
Non-controlling interests	41,992	46,023	100,444	189,807
	595,499	531,745	1,340,932	2,010,507

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 30 June 2023

(The figures have not been audited.)

	30 June 2023	30 September 2022
	RM'000	RM'000
Assets		
Property, plant and equipment	12,825,235	12,123,317
Right-of-use assets	1,335,322	1,338,533
Inventories	2,012,250	1,991,597
Goodwill on consolidation	379,520	336,241
Intangible assets	17,652	17,142
Investments in associates	2,415,406	2,366,997
Investments in joint ventures	91,735	215,962
Other investments	622,366	595,711
Other receivables	460,434	425,925
Deferred tax assets	374,612	322,289
Derivative financial assets	1,565	-
Total non-current assets	<u>20,536,097</u>	<u>19,733,714</u>
Inventories	3,185,534	4,024,163
Biological assets	179,132	209,344
Trade and other receivables	2,923,421	2,750,026
Contract assets	113,278	83,186
Tax recoverable	232,902	41,253
Derivative financial assets	77,975	545,266
Short term funds	21,736	66,375
Cash and cash equivalents	2,775,113	2,785,198
Total current assets	<u>9,509,091</u>	<u>10,504,811</u>
Total assets	<u>30,045,188</u>	<u>30,238,525</u>
Equity		
Share capital	1,382,683	1,379,249
Reserves	13,096,310	12,932,297
	14,478,993	14,311,546
Less: Cost of treasury shares	(22,108)	(24,504)
Total equity attributable to equity holders of the Company	14,456,885	14,287,042
Non-controlling interests	1,792,957	1,764,780
Total equity	<u>16,249,842</u>	<u>16,051,822</u>
Liabilities		
Deferred tax liabilities	1,054,998	1,098,679
Lease liabilities	154,190	158,322
Deferred income	83,833	90,149
Provision for retirement benefits	535,300	482,598
Borrowings	7,129,650	7,208,861
Total non-current liabilities	<u>8,957,971</u>	<u>9,038,609</u>
Trade and other payables	1,988,010	2,106,407
Contract liabilities	182,231	138,121
Deferred income	8,664	8,628
Lease liabilities	22,566	22,514
Borrowings	2,237,832	2,173,427
Tax payable	57,694	154,681
Derivative financial liabilities	124,691	544,316
Dividend payable	215,687	-
Total current liabilities	<u>4,837,375</u>	<u>5,148,094</u>
Total liabilities	<u>13,795,346</u>	<u>14,186,703</u>
Total equity and liabilities	<u>30,045,188</u>	<u>30,238,525</u>
Net assets per share attributable to equity holders of the Company (RM)	13.41	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 third quarter ended 30 June 2023

(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	-	-	-	(84,877)	-	-	(84,877)	-	(84,877)
Transfer of reserves	-	11,416	-	-	(11,416)	-	-	-	-
Share of comprehensive income/(loss) in associates	-	-	42,382	-	(21,153)	-	21,229	-	21,229
Share of comprehensive loss in joint venture	-	-	-	-	(18)	-	(18)	-	(18)
Currency translation differences	-	3,568	582,635	-	-	-	586,203	(3,523)	582,680
Total other comprehensive income/(loss) for the period	-	14,984	625,017	(84,877)	(32,587)	-	522,537	(3,523)	519,014
Profit for the period	-	-	-	-	717,951	-	717,951	103,967	821,918
Total comprehensive income/(loss) for the period	-	14,984	625,017	(84,877)	685,364	-	1,240,488	100,444	1,340,932
Acquisition through business combination	-	-	-	-	-	-	-	13,179	13,179
Employees' share grant scheme	3,434	-	-	-	-	2,396	5,830	-	5,830
Effect of changes in shareholdings in subsidiaries	-	-	-	-	1,961	-	1,961	(13,022)	(11,061)
Dividend paid - FY2022 final	-	-	-	-	(862,749)	-	(862,749)	-	(862,749)
Dividend payable - FY2023 interim	-	-	-	-	(215,687)	-	(215,687)	-	(215,687)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(72,424)	(72,424)
Total transactions with owners of the Company	3,434	-	-	-	(1,076,475)	2,396	(1,070,645)	(72,267)	(1,142,912)
At 30 June 2023	1,382,683	1,669,325	1,037,930	666,046	9,723,009	(22,108)	14,456,885	1,792,957	16,249,842

**Condensed Consolidated Statement of Changes in Equity
For the third quarter ended 30 June 2023**

(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	-	-	-	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
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	-	-	(2,286)	-	(33,244)	809,033	-	773,503	(854,865)	(81,362)
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

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 third quarter ended 30 June 2023
(The figures have not been audited.)

	9 months ended 30 June	
	2023	2022
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	969,408	2,492,088
Adjustment for non-cash flow items:		
Depreciation and amortisation	714,220	690,170
Surplus on government acquisition of land	(42,218)	(4,049)
Surplus on disposal of land	(6,391)	(2,254)
Impairment of property, plant and equipment	-	11,205
Share of results of associates, net of tax	159,989	(30,185)
Share of results of joint ventures, net of tax	16,453	(5,323)
Other non-cash items	56,488	206,106
Non-operating items	206,098	177,681
Operating profit before working capital changes	2,074,047	3,535,439
Working capital changes:		
Net change in current assets	1,134,435	(1,627,356)
Net change in current liabilities	(309,831)	288,157
Cash generated from operations	2,898,651	2,196,240
Interest paid	(253,008)	(178,604)
Tax paid	(541,915)	(657,633)
Retirement benefits paid	(34,984)	(37,952)
Net cash generated from operating activities	2,068,744	1,322,051
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,065,835)	(872,547)
Purchase of right-of-use assets	(12,448)	(11,905)
Property development expenditure	(20,653)	(7,750)
Purchase of shares in a subsidiary, net of cash acquired	(106,650)	(303,834)
Purchase and subscription of shares in an associate	(17,885)	(305,956)
Purchase of shares from non-controlling interests	(11,061)	(886,854)
Purchase of other investments	(37,910)	(26,445)
Purchase of intangible assets	(548)	(625)
Proceeds from disposal of property, plant and equipment	7,626	8,150
Compensation from government on land acquired	42,372	4,123
Proceeds from disposal of other investments	-	533
Repayment of advances from a joint venture	87,349	15,766
Decrease in short term funds	45,069	140,755
(Advances to)/Repayment from plasma project receivables	(13,702)	66,435
Dividends received from associates	9,943	63,639
Dividends received from investments	36,829	32,576
Interest received	48,604	26,638
Net cash used in investing activities	(1,008,900)	(2,057,301)

Condensed Consolidated Statement of Cash Flows
For the third quarter ended 30 June 2023

(Continued)
(The figures have not been audited.)

	9 months ended 30 June	
	2023 RM'000	2022 RM'000
Cash Flows from Financing Activities		
Term loans received	166,670	807,778
Issuance of Islamic medium term notes	-	2,000,000
Repayment of term loans	(500,393)	(879,357)
Payments of lease liabilities	(19,607)	(15,468)
Payments of lease interest	(5,431)	(3,935)
Net drawdown/(repayment) of short term borrowings	354,778	(188,538)
Dividends paid to shareholders of the Company	(862,749)	(862,525)
Dividends paid to non-controlling interests	(72,424)	(131,745)
Issuance of shares to non-controlling interests	-	10
Redemption of redeemable preference shares from non-controlling interests	-	(6,400)
Net cash (used in)/generated from financing activities	<u>(939,156)</u>	<u>719,820</u>
Net increase/(decrease) in cash and cash equivalents	120,688	(15,430)
Cash and cash equivalents at 1 October	2,614,904	3,082,738
	2,735,592	3,067,308
Currency translation differences on opening balances	39,521	22,911
Cash and cash equivalents at 30 June	<u>2,775,113</u>	<u>3,090,219</u>
Cash and cash equivalents consist of:		
Cash and bank balances	1,086,630	1,264,289
Deposits with licensed banks	826,966	1,596,605
Money market funds	861,517	419,158
Bank overdrafts	-	(189,833)
	<u>2,775,113</u>	<u>3,090,219</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

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.

On 14 February 2023, a total of 7,500 treasury shares were transferred to eligible senior management employees at a transfer price of RM21.26 under the employees' share grant scheme.

As at 30 June 2023, total issued and fully paid shares were 1,081,017,785 (30 September 2022: 1,081,017,785), out of which 2,581,799 (30 September 2022: 2,861,662) shares are held as treasury shares by the Company and the number of outstanding shares in issue and fully paid was 1,078,435,986 (30 September 2022: 1,078,156,123) shares.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter ended 30 June 2023.

Notes to Interim Financial Report
(Continued)

A6. Dividends Paid

	9 months ended	
	30 June	
	2023	2022
	RM'000	RM'000
Dividend proposed in Year 2022, paid in Year 2023:		
Final single tier dividend 80 sen (2022: 80 sen) per share	<u>862,749</u>	<u>862,525</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,078,435,986 (2022: 1,078,156,123).

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
9 months ended						
30 June 2023						
Revenue						
External revenue	2,512,024	14,927,450	150,095	280,707	-	17,870,276
Inter-segment revenue	1,298,919	2,253	-	355,016	(1,656,188)	-
Total revenue	<u>3,810,943</u>	<u>14,929,703</u>	<u>150,095</u>	<u>635,723</u>	<u>(1,656,188)</u>	<u>17,870,276</u>
Results						
Operating results	749,149	468,642	43,808	91,852	-	1,353,451
Interest income	9,182	5,649	4,826	72,011	(32,895)	58,773
Finance costs	(14,602)	(97,867)	(1,685)	(220,859)	32,895	(302,118)
Share of results of associates	2,955	6,744	(30)	(169,658)	-	(159,989)
Share of results of joint ventures	-	(16,453)	-	-	-	(16,453)
Segment results	<u>746,684</u>	<u>366,715</u>	<u>46,919</u>	<u>(226,654)</u>	<u>-</u>	<u>933,664</u>
Corporate income						<u>35,744</u>
Profit before taxation						<u>969,408</u>
9 months ended						
30 June 2022						
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>-</u>	<u>2,523,259</u>
Corporate expense						<u>(31,171)</u>
Profit before taxation						<u>2,492,088</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 30 June 2023					
Operating assets	11,252,776	10,368,906	2,823,057	2,485,793	26,930,532
Associates	27,358	66,431	7,793	2,313,824	2,415,406
Joint ventures	-	91,735	-	-	91,735
Segment assets	<u>11,280,134</u>	<u>10,527,072</u>	<u>2,830,850</u>	<u>4,799,617</u>	<u>29,437,673</u>
Tax assets					607,514
Total assets					<u>30,045,187</u>
As at 30 September 2022					
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
As at 30 June 2023					
Segment liabilities	<u>1,401,824</u>	<u>3,690,681</u>	<u>238,125</u>	<u>7,136,337</u>	<u>12,466,967</u>
Tax liabilities and dividend payable					1,328,379
Total liabilities					<u>13,795,346</u>
As at 30 September 2022					
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 24 August 2023, the Company ("KLK") entered into a strategic collaboration agreement with Boustead Holdings Berhad ("BHB") and Lembaga Tabung Angkatan Tentera ("LTAT") in relation to Boustead Plantations Berhad ("BPLANT"), which includes:

- (i) Proposed acquisition by KLK of a total of 739,199,966 ordinary shares in BPLANT, representing 33% and 1 share of the total issued shares of BPLANT from BHB for a cash consideration of RM1.146 billion or RM1.55 per BPLANT share ("Proposed Acquisition");
- (ii) Proposed mandatory take-over offer to acquire all the remaining BPLANT shares not already owned by KLK, BHB and LTAT (collectively, the "Joint Offerors") resulting from the Proposed Acquisition at a cash offer price of RM1.55 per BPLANT share ("Proposed Offer"); and
- (iii) Enhancing the operational efficiencies and crude palm oil yields of the plantations of BPLANT over the long term.

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The proposed strategic collaboration is expected to strengthen the existing co-operation between KLK and BHB and further provide the KLK Group the long-term growth strategy for its plantation business.

The Proposed Acquisition and Proposed Offer will not have any effect on the issued share capital and shareholdings of the substantial shareholders of KLK as they do not involve any issuance of new ordinary shares in KLK.

Barring any unforeseen circumstances, assuming the Proposed Acquisition and Proposed Offer is completed in the 4th quarter of 2023, the proposed strategic collaboration is expected to enhance the earnings and earnings per share of the KLK Group for the financial year ending 30 September 2024.

A9. Changes in the Composition of the Group

There were no significant changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations during the quarter under review.

A10. Changes in Contingent Liabilities and Contingent Assets

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

A11. Capital Commitments

	30 June 2023	30 September 2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted	988,739	790,545
Approved but not contracted	<u>1,173,192</u>	<u>2,065,139</u>
	<u>2,161,931</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.

	9 months ended 30 June	
	2023	2022
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	495,001	515,693
Purchase of goods	1,346,078	1,554,389
Service charges paid	1,774	1,038
Research and development services paid	<u>13,057</u>	<u>10,468</u>

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	9 months ended	
	30 June	
	2023	2022
	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	29,208	26,596
Siam Taiko Marketing Co Ltd	900	3,393
Taiko Marketing Sdn Bhd	8,671	11,150
Taiko Marketing (Singapore) Pte Ltd	<u>1,035</u>	<u>1,929</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>3,435</u>	<u>3,413</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	4,855	2,803
Bukit Katho Estate Sdn Bhd	6,120	9,178
CCM Chemicals Sdn Bhd	1,218	144
Kampar Rubber & Tin Co Sdn Bhd	8,800	12,095
Kekal Deras Sdn Bhd	1,936	3,162
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	6,017	3,488
Malay Rubber Plantations (M) Sdn Bhd	10,399	14,792
PT Agro Makmur Abadi	59,537	92,080
PT Java Taiko Mineralindo	1,665	2,372
PT Safari Riau	29,818	43,164
PT Satu Sembilan Delapan	20,865	17,552
Taiko Acid Works Sdn Bhd	716	691
Taiko Clay Marketing Sdn Bhd	5,217	2,858
Taiko Drum Industries Sdn Bhd	954	2,522
Taiko Marketing Sdn Bhd	<u>23,366</u>	<u>21,489</u>
Management fees paid		
Farming Management Services Pty Ltd	<u>2,141</u>	<u>2,455</u>
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	<u>1,470</u>	<u>1,385</u>
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsui & Co Ltd	<u>352,354</u>	<u>339,778</u>
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	10,738
PT Kimia Tirta Utama	23,254	-
PT Sawit Asahan Indah	2,645	-
PT Tanjung Bina Lestari	10,393	-
PT Tanjung Sarana Lestari	<u>1,053,159</u>	<u>1,119,884</u>

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B Explanatory Notes as required by the BMSB Revised Listing Requirement

B1. Analysis of Performance

3rd Quarter FY2023 vs 3rd Quarter FY2022

	Quarter Ended		+ / (-) %
	30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	5,114,139	6,961,351	(26.5)
Segment results			
Plantation	125,857	594,279	(78.8)
Manufacturing	(73,665)	208,913	N/M
Property development	19,309	17,456	10.6
Investment holding/Others	(36,797)	(54,446)	(32.4)
	34,704	766,202	(95.5)
Corporate income/(expense)	39,830	(12,537)	N/M
Profit before taxation	74,534	753,665	(90.1)

N/M - Not meaningful

The Group's 3rd quarter pre-tax profit fell 90.1% to RM74.5 million (3QFY2022: profit RM753.7 million) on the back of a 26.5% reduction in revenue to RM5.114 billion (3QFY2022: RM6.961 billion).

Comments on the business sectors are as follows:

Plantation

Despite higher CPO sales volume and lower fair value loss of RM14.3 million (3QFY2022: loss RM56.4 million) on valuation of unharvested fresh fruit bunches, plantation profit dropped substantially by 78.8% to RM125.9 million (3QFY2022: profit RM594.3 million) mainly due to:

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

	3QFY2023	3QFY2022	% Change
Crude Palm Oil (RM/mt ex-mill)	3,619	4,857	(25.5)
Palm Kernel (RM/mt ex-mill)	1,800	3,364	(46.5)

- Higher CPO production cost.
- Net loss of RM8.7 million (3QFY2022: net gain RM96.9 million) from fair value changes on outstanding derivative contracts.

Manufacturing

Manufacturing segment reported a loss of RM73.7 million (3QFY2022: profit RM208.9 million) mainly attributable to drop in revenue to RM4.315 billion (3QFY2022: RM5.864 billion) and a loss incurred by the Oleochemical division which was impacted by eroded demand and profit margin.

Property Development

Property profit increased to RM19.3 million (3QFY2022: profit RM17.5 million) aided by higher revenue at RM61.6 million (3QFY2022: RM53.5 million).

Notes to Interim Financial Report

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Investment Holding/Others

This segment's loss was lower at RM36.8 million (3QFY2022: loss RM54.4 million) mainly attributable to lower interest expenses arising from drop in borrowings.

Corporate

Corporate income of RM39.8 million (3QFY2022: expense RM12.5 million) included foreign currency exchange gain of RM46.1 million (3QFY2022: gain RM1.2 million) on translation of inter-company loans and bank deposits denominated in foreign currencies.

Todate 3rd Quarter FY2023 vs Todate 3rd Quarter FY2022

	Todate Ended		+ / (-) %
	30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	<u>17,870,276</u>	<u>20,172,770</u>	(11.4)
Segment results			
Plantation	746,684	1,625,504	(54.1)
Manufacturing	366,715	906,378	(59.5)
Property development	46,919	52,110	(10.0)
Investment holding/Others	<u>(226,654)</u>	<u>(60,733)</u>	*
	933,664	2,523,259	(63.0)
Corporate income/(expense)	<u>35,744</u>	<u>(31,171)</u>	N/M
Profit before taxation	<u>969,408</u>	<u>2,492,088</u>	(61.1)

* More than 100%

N/M - Not meaningful

The Group's profit before taxation for the period under review declined 61.1% to RM969.4 million (Todate 3QFY2022: profit RM2.492 billion) with 11.4% decrease in revenue to RM17.870 billion (Todate 3QFY2022: RM20.173 billion).

Comments on the business sectors are as follows:

Plantation

Notwithstanding better CPO and PK sales volume, Plantation profit fell sharply by 54.1% at RM746.7 million (Todate 3QFY2022: profit RM1.625 billion) largely impacted by the following factors:

- Decline in CPO and PK selling prices realised as shown below:

	Todate 3QFY2023	Todate 3QFY2022	% Change
Crude Palm Oil (RM/mt ex-mill)	3,698	4,398	(15.9)
Palm Kernel (RM/mt ex-mill)	1,877	3,357	(44.1)

- Higher CPO production cost.
- Net loss of RM89.1 million (Todate 3QFY2022: net gain RM50.9 million) from fair value changes on outstanding derivative contracts.
- Higher fair value loss of RM24.3 million (Todate 3QFY2022: loss RM7.7 million) on valuation of unharvested fresh fruit bunches.

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Manufacturing

Manufacturing profit dipped 59.5% to RM366.7 million (Todate 3QFY2022: profit RM906.4 million) on the back of decreased revenue at RM14.927 billion (Todate 3QFY2022: RM16.669 billion). The decline in profit was mainly attributable to lower profit contributions from Oleochemical division which was partially mitigated by higher profit from the refineries and kernel crushing operations.

Property Development

Although revenue increased to RM150.0 million (Todate 3QFY2022: RM146.4 million), Property segment's profit fell to RM46.9 million (Todate 3QFY2022: profit RM52.1 million) largely due to recognition of development profits from a newly launched phase with lower gross margin.

Investment Holding/Others

This segment's result was affected by a share of equity loss of RM169.7 million (Todate 3QFY2022: share of equity profit RM10.1 million) from an overseas associate, Synthomer plc. The loss in Synthomer plc was mainly due to non-operating charges incurred on impairment loss of a business division, amortisation of acquired intangibles, restructuring and site closure costs.

Corporate

Net corporate income of RM35.7 million (Todate 3QFY2022: expense RM31.2 million) had included the following items:

- Foreign currency exchange gain of RM25.4 million (Todate 3QFY2022: loss RM2.7 million) from translation of inter-company loans denominated in foreign currencies.
- Surplus of RM48.6 million (Todate 3QFY2022: surplus RM6.3 million) on sale of land and government acquisition.

B2. Variation of Results to Immediate Preceding Quarter
3rd Quarter FY2023 vs 2nd Quarter FY2023

	Current Quarter Ended 30/06/2023 RM'000	Immediate Preceding Quarter Ended 31/03/2023 RM'000	+ / (-) %
Revenue	5,114,139	6,048,415	(15.4)
Segment results			
Plantation	125,857	287,267	(56.2)
Manufacturing	(73,665)	185,974	N/M
Property development	19,309	18,677	3.4
Investment holding/Others	(36,797)	(216,393)	(83.0)
	34,704	275,525	(87.4)
Corporate income	39,830	23,971	66.2
Profit before taxation	74,534	299,496	(75.1)

N/M - Not meaningful

Notes to Interim Financial Report

(Continued)

For the 3rd quarter, profit before taxation of the Group declined sharply by 75.1% to RM74.5 million (2QFY2023: profit RM299.5 million) and revenue was 15.4% lower at RM5.114 billion (2QFY2023: RM6.048 billion).

Comments on various business sectors are as follows:

Plantation

Plantation profit fell by 56.2% to RM125.9 million (2QFY2023: profit RM287.3 million) which was largely caused by:

- Lower CPO and PK sales volume.
- Drop in CPO and PK selling prices realised as follows:

	<u>3QFY2023</u>	<u>2QFY2023</u>	% Change
Crude Palm Oil (RM/mt ex-mill)	3,619	3,727	(2.9)
Palm Kernel (RM/mt ex-mill)	1,800	1,864	(3.4)

- Higher production cost of CPO.

Manufacturing

With a lower revenue at RM4.315 billion (2QFY2023: RM5.090 billion), Manufacturing segment posted a loss of RM73.7 million (2QFY2023: profit RM186.0 million) which was largely due to losses registered by the Oleochemical division, refineries and kernel crushing operations.

Property Development

Property segment's profit improved slightly to RM19.3 million (2QFY2023: profit RM18.7 million) supported by higher revenue of RM61.6 million (2QFY2023: RM57.5 million).

Investment Holding/Others

This segment reported a much lower loss of RM36.8 million as compared to the preceding quarter's loss of RM216.4 million because the previous quarter had accounted for a share of equity loss of RM169.7 million from an overseas associate, Synthomer plc. The loss reported by Synthomer plc was mainly caused by non-operating charges incurred on impairment loss of a business division, amortisation of acquired intangibles, restructuring and site closure costs.

Corporate

Higher corporate income of RM39.8 million (2QFY2023: income RM24.0 million) aided by foreign currency exchange gain of RM46.1 million (2QFY2023: gain RM35.9 million) on translation of inter-company loans and bank deposits denominated in foreign currencies.

Notes to Interim Financial Report

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B3. Prospects

Crude palm oil (“CPO”) prices recently softened following a recovery to near RM4,000/mt alongside price rallies seen in seed oils, arising from supply concerns driven by El-Nino threat. Demand from key consuming countries appeared weak in recent months, as they are still grappling with economic slowdown, inflation as well as weakening currencies. Market sentiments in the next 12 months will hinge on the severity of the weather impact as El-Nino continues to advance. The Group is cautiously optimistic that CPO prices will likely stay at the current levels i.e. RM3,800/mt thereabout for the rest of the year.

On the plantation segment performance, the Group expects both the fresh fruit bunch and CPO yields to be marginally better than a year ago, as a result of recovering momentum. However, this year’s production costs are high mainly due to elevated prices of inputs including fertilisers, chemicals and energy; nevertheless, these have recently softened.

Manufacturing segment, particularly oleochemical sub-segment was not spared from the negative consumer and business environment, predominantly in Europe and China. In fact, main bulk of the losses are from Europe due to high energy costs and sluggish demand. However, management is undergoing aggressive restructuring in Europe to contain the worrying losses. Demand in Europe will remain dampened in coming quarters while the Asian market recovery is expected to be slightly ahead. The Group continues to leverage on the competitive advantage of local knowledge and global best practices to drive innovation of product applications as well as operational and cost efficiencies.

Overall, the Group expects its financial performance for FY2023 to be significantly lower compared to the previous financial year. However, the result of the 4th quarter is expected to be better.

B4. Profit Forecast and Profit Guarantee

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

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B5. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	38,506	93,420	118,985	252,138
Overseas taxation	29,817	88,040	143,019	376,989
	68,323	181,460	262,004	629,127
(Over)/Under provision in respect of previous year				
Malaysian taxation	(45,412)	(32,107)	(47,215)	(27,952)
Overseas taxation	2,913	2,250	18,892	20,244
	(42,499)	(29,857)	(28,323)	(7,708)
	25,824	151,603	233,681	621,419
Deferred tax				
Origination and reversal of temporary differences	(57,059)	(26,767)	(72,800)	(42,804)
(Over)/Under provision in respect of previous year	(1,808)	18,403	(13,391)	13,213
	(58,867)	(8,364)	(86,191)	(29,591)
Total	(33,043)	143,239	147,490	591,828
Profit before taxation	74,534	753,665	969,408	2,492,088
Tax at Malaysian income tax rate of 24% (FY2022: 24%)	17,888	180,879	232,658	598,101
Effect of different tax rates in foreign jurisdictions	(4,273)	(36,202)	(29,131)	(54,657)
Withholding tax on foreign dividend and interest income	13,240	3,669	24,917	80,984
Expenses not deductible for tax purposes	20,925	7,108	51,100	29,752
Tax exempt and non-taxable income	(40,991)	(13,560)	(121,437)	(33,285)
Tax incentives	(8,259)	(808)	(11,314)	(4,615)
Deferred tax assets not recognised during the period	8,224	2,802	8,224	2,802
Reversal/(Utilisation) of previously unrecognised tax losses and unabsorbed capital allowances	6,540	(7,191)	(8,243)	(47,794)
Expiry of tax losses	-	4,020	-	4,020
Tax effect on associates' and joint ventures' results	1,385	(355)	42,346	(8,522)
Recognition of deferred tax assets not taken up previously	-	(4,393)	-	(4,393)
Over provision of tax expense in respect of previous year	(42,499)	(29,857)	(28,323)	(7,708)
(Over)/Under provision of deferred tax in respect of previous year	(1,808)	18,403	(13,391)	13,213
Prosperity tax	-	21,280	-	21,280
Others	(3,415)	(2,556)	84	2,650
Tax expense	(33,043)	143,239	147,490	591,828

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

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B7. Group Borrowings

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

	As at 30 June 2023					
	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 1,987	10,121	Euro 1,490	7,589	Euro 3,477	17,710
Unsecured						
Revolving credit	-	-	Euro 80,000	407,456	Euro 80,000	407,456
	-	-	AUD 12,000	37,343	AUD 12,000	37,343
	-	-	GBP 17,000	100,818	GBP 17,000	100,818
	-	-	USD 8,200	38,182	USD 8,200	38,182
	-	-	-	89,950	-	89,950
Trade financing	-	-	USD 28,302	132,102	USD 28,302	132,102
	-	-	-	873,585	-	873,585
Term loans	USD 30,000	140,025	USD 40,500	189,063	USD 70,500	329,088
	Euro 35,244	179,504	Euro 2,911	14,827	Euro 38,155	194,331
	-	1,200,000	-	-	-	1,200,000
Export credit refinancing	-	-	-	618	-	618
Bankers' acceptance	-	-	-	346,299	-	346,299
Islamic medium term notes	-	5,600,000	-	-	-	5,600,000
Total		7,129,650		2,237,832		9,367,482

	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
Secured						
Term loans	Euro 2,611	12,062	Euro 1,263	5,839	Euro 3,874	17,901
Unsecured						
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
Total		7,172,451		3,399,496		10,571,947

Exchange Rates Applied	As at 30 June	
	2023	2022
USD / RM	4.6675	4.4075
Euro / RM	5.0932	4.6206
Rp1,000 / RM	0.3113	0.2959
Rmb / RM	0.6436	0.6580
GBP / RM	5.9305	5.3670
AUD / RM	3.1119	3.0423
JPY 100 / RM	3.2338	3.2469

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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.

The interest rate swap contracts are entered into to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The commodity swap contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movement in the methane gas futures.

As at 30 June 2023, the values and maturity analysis of the outstanding derivatives are as follows:

Derivatives	Contract/Notional	
	Value Net long/(short)	Fair value Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	<u>(1,394,007)</u>	<u>(32,349)</u>
(ii) Commodity futures contracts		
- Less than 1 year	<u>(580,232)</u>	<u>(14,986)</u>
(iii) Interest rate swap contracts		
- Less than 1 year	9,262	284
- 1 year to 3 years	12,987	569
- More than 3 years	<u>5,792</u>	<u>996</u>
(iv) Commodity swap contracts		
- Less than 1 year	<u>1,653</u>	<u>335</u>

The above derivative contracts 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 2023, 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.

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B9. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

B10. Material Litigation

There was no pending material litigation as at the date of this report.

B11. Dividend

- (a) An interim single tier dividend of 20 sen (2022: 20 sen) per share has been authorised by the Directors in respect of the financial year ending 30 September 2023 and was paid to the shareholders on 1 August 2023.
- (b) The total dividend for the current financial year to-date is single tier dividend of 20 sen (2022: 20 sen) per share.

B12. Earnings Per Share

Basic earnings per share

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	84,103	558,266	717,951	1,704,160
(b) Weighted average number of shares	1,078,435,986	1,078,156,123	1,078,308,539	1,078,022,054
(c) Earnings per share (sen)	7.8	51.8	66.6	158.1

B13. Audit Report

The audit report for the financial year ended 30 September 2022 was not subject to any qualifications.

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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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(20,070)	(17,435)	(58,773)	(42,055)
Other income including dividend income	(59,414)	(36,842)	(202,224)	(100,367)
Interest expense	102,721	97,613	302,118	252,312
Depreciation and amortisation	243,086	228,946	714,220	690,170
Write-off of receivables	20	2	1,203	16
Provision for inventories	46,479	125,563	12,205	210,649
Surplus on disposal of land	(3,767)	(864)	(6,391)	(2,254)
Surplus on government acquisition of land	(336)	(570)	(42,218)	(4,049)
Impairment of property, plant and equipment	-	11,205	-	11,205
Foreign exchange (gain)/loss	(6,521)	(5,356)	75,915	(45,443)
Loss/(Gain) on derivatives	36,647	(17,333)	(38,217)	(87,464)
Exceptional items	-	-	-	-

By Order of the Board
YAP MIOU KIEN
Company Secretary

24 August 2023