



**KUALA LUMPUR KEPONG BERHAD**

197301001526 (15043-V)

**Interim Financial Report  
For the first quarter ended 31 December 2023**

The Directors hereby announce the unaudited financial results of the Group for the first quarter ended 31 December 2023.

**Condensed Consolidated Statement of Profit or Loss**  
**For the first quarter ended 31 December 2023**

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	3 months ended		+ / (-)
	31 December			31 December		
	2023	2022		2023	2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,636,052	6,707,722	(16.0)	5,636,052	6,707,722	(16.0)
Operating expenses	(5,291,412)	(6,305,875)	(16.1)	(5,291,412)	(6,305,875)	(16.1)
Other operating income	138,862	287,799	(51.8)	138,862	287,799	(51.8)
Finance costs	(110,095)	(99,752)	10.4	(110,095)	(99,752)	10.4
Net impairment losses on financial assets	(7,612)	(484)	*	(7,612)	(484)	*
Share of results of associates	1,797	1,261	42.5	1,797	1,261	42.5
Share of results of joint ventures	(1,435)	4,707	N/M	(1,435)	4,707	N/M
Profit before taxation	366,157	595,378	(38.5)	366,157	595,378	(38.5)
Taxation	(101,255)	(112,559)	(10.0)	(101,255)	(112,559)	(10.0)
Net profit for the period	<u>264,902</u>	<u>482,819</u>	(45.1)	<u>264,902</u>	<u>482,819</u>	(45.1)
Attributable to:						
Equity holders of the Company	226,942	443,039	(48.8)	226,942	443,039	(48.8)
Non-controlling interests	<u>37,960</u>	<u>39,780</u>	(4.6)	<u>37,960</u>	<u>39,780</u>	(4.6)
	<u>264,902</u>	<u>482,819</u>	(45.1)	<u>264,902</u>	<u>482,819</u>	(45.1)
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>21.0</u>	<u>41.1</u>		<u>21.0</u>	<u>41.1</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 2023.*

**Condensed Consolidated Statement of Other Comprehensive Income  
For the first quarter ended 31 December 2023**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	264,902	482,819	264,902	482,819
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	31,525	(282,136)	31,525	(282,136)
<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	901	(8,592)	901	(8,592)
Total other comprehensive income/(loss) for the period	32,426	(290,728)	32,426	(290,728)
Total comprehensive income for the period	<u>297,328</u>	<u>192,091</u>	<u>297,328</u>	<u>192,091</u>
Attributable to:				
Equity holders of the Company	261,589	189,871	261,589	189,871
Non-controlling interests	35,739	2,220	35,739	2,220
	<u>297,328</u>	<u>192,091</u>	<u>297,328</u>	<u>192,091</u>

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2023.*

**Condensed Consolidated Statement of Financial Position**
**As at 31 December 2023**

(The figures have not been audited.)

	31 December 2023	30 September 2023
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	13,315,876	12,905,633
Right-of-use assets	1,404,053	1,325,678
Investment properties	25,185	23,503
Inventories	2,012,619	2,012,424
Goodwill on consolidation	391,523	351,725
Intangible assets	53,544	52,885
Investments in associates	2,754,228	2,288,845
Investments in joint ventures	63,997	66,063
Other investments	650,367	745,242
Other receivables	399,986	394,069
Deferred tax assets	516,250	478,365
Derivative financial assets	1,130	1,249
Total non-current assets	<u>21,588,758</u>	<u>20,645,681</u>
Inventories	3,041,406	2,956,580
Biological assets	155,709	219,198
Trade and other receivables	3,519,794	3,470,140
Contract assets	69,608	74,489
Tax recoverable	234,863	212,720
Derivative financial assets	69,285	47,663
Short term funds	61,985	117,798
Cash and cash equivalents	2,402,609	2,382,122
Total current assets	<u>9,555,259</u>	<u>9,480,710</u>
<b>Total assets</b>	<b><u>31,144,017</u></b>	<b><u>30,126,391</u></b>
<b>Equity</b>		
Share capital	1,382,683	1,382,683
Reserves	12,788,538	12,958,161
	14,171,221	14,340,844
Less: Cost of treasury shares	(22,108)	(22,108)
Total equity attributable to equity holders of the Company	14,149,113	14,318,736
Non-controlling interests	1,891,851	1,825,023
<b>Total equity</b>	<b><u>16,040,964</u></b>	<b><u>16,143,759</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	1,132,748	1,076,632
Lease liabilities	150,977	155,095
Deferred income	79,581	81,633
Provision for retirement benefits	552,642	535,302
Borrowings	7,318,085	7,002,610
Derivative financial liabilities	248	21
Total non-current liabilities	<u>9,234,281</u>	<u>8,851,293</u>
Trade and other payables	2,194,001	1,970,083
Contract liabilities	139,399	131,123
Deferred income	8,578	8,656
Lease liabilities	25,311	26,034
Borrowings	2,953,766	2,891,365
Tax payable	60,572	42,022
Derivative financial liabilities	55,771	62,056
Dividend payable	431,374	-
Total current liabilities	<u>5,868,772</u>	<u>5,131,339</u>
<b>Total liabilities</b>	<b><u>15,103,053</u></b>	<b><u>13,982,632</u></b>
<b>Total equity and liabilities</b>	<b><u>31,144,017</u></b>	<b><u>30,126,391</u></b>
Net assets per share attributable to equity holders of the Company (RM)	13.12	13.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2023.

**Condensed Consolidated Statement of Changes in Equity**  
**For the first quarter ended 31 December 2023**

(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	Treasury shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 October 2023	1,382,683	1,667,296	767,421	700,705	9,822,739	(22,108)	14,318,736	1,825,023	16,143,759
Net change in fair value of equity instruments	-	-	-	901	-	-	901	-	901
Realisation on fair value of equity instruments	-	-	-	(3,347)	3,347	-	-	-	-
Transfer of reserves	-	200	-	-	(200)	-	-	-	-
Currency translation differences	-	(85)	33,831	-	-	-	33,746	(2,221)	31,525
Total other comprehensive income/(loss) for the period	-	115	33,831	(2,446)	3,147	-	34,647	(2,221)	32,426
Profit for the period	-	-	-	-	226,942	-	226,942	37,960	264,902
Total comprehensive income/(loss) for the period	-	115	33,831	(2,446)	230,089	-	261,589	35,739	297,328
Acquisition through business combination	-	-	-	-	-	-	-	21,658	21,658
Redemption of redeemable preference shares in a subsidiary	-	1,100	-	-	(1,100)	-	-	-	-
Effect of changes in shareholdings in subsidiaries	-	-	-	-	162	-	162	21,771	21,933
Dividend payable	-	-	-	-	(431,374)	-	(431,374)	-	(431,374)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(12,340)	(12,340)
Total transactions with owners of the Company	-	1,100	-	-	(432,312)	-	(431,212)	31,089	(400,123)
At 31 December 2023	1,382,683	1,668,511	801,252	698,259	9,620,516	(22,108)	14,149,113	1,891,851	16,040,964

**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	Treasury shares			
	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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2023.

**Condensed Consolidated Statement of Cash Flows**  
**For the first quarter ended 31 December 2023**  
(The figures have not been audited.)

	3 months ended 31 December	
	2023	2022
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	366,157	595,378
Adjustment for non-cash flow items:		
Depreciation and amortisation	253,023	235,162
Surplus on government acquisition of land	(11,767)	(41,882)
Surplus on disposal of land	(5,900)	(807)
Share of results of associates, net of tax	(1,797)	(1,261)
Share of results of joint ventures, net of tax	1,435	(4,707)
Other non-cash items	34,848	(9,030)
Non-operating items	77,605	70,670
Operating profit before working capital changes	713,604	843,523
Working capital changes:		
Net change in current assets	(26,227)	(8,978)
Net change in current liabilities	59,231	(221,641)
Cash generated from operations	746,608	612,904
Interest paid	(65,236)	(41,357)
Tax paid	(116,034)	(158,389)
Retirement benefits paid	(10,542)	(10,628)
Net cash generated from operating activities	<u>554,796</u>	<u>402,530</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(398,307)	(317,804)
Purchase of right-of-use assets	(15,752)	(2,885)
Expenditure on land held for property development	(195)	(862)
Purchase of shares in subsidiaries, net of cash acquired	(272,222)	-
Purchase and subscription of shares in an associate	(434,592)	(16,050)
Purchase of shares from non-controlling interests	-	(51)
Development of investment property	(1,682)	-
Purchase of intangible assets	(118)	(176)
Proceeds from disposal of property, plant and equipment	12,513	1,187
Compensation from government on land acquired	12,777	42,036
Proceeds from partial disposal of shares in a subsidiary	21,934	-
Proceeds from disposal of other investments	107,402	-
Proceeds from capital reduction in an associate	2,498	-
Repayment of advances from a joint venture	-	51,369
Decrease in short term funds	58,042	15,067
Advances to plasma project receivables	(1,078)	(3,938)
Dividends received from investments	11,969	10,012
Interest received	25,833	14,271
Net cash used in investing activities	<u>(870,978)</u>	<u>(207,824)</u>

**Condensed Consolidated Statement of Cash Flows**  
**For the first quarter ended 31 December 2023**

(Continued)

(The figures have not been audited.)

	3 months ended 31 December	
	2023	2022
	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>		
Term loans received	517,553	115,086
Repayment of term loans	(220,240)	(138,568)
Payments of lease liabilities	(4,898)	(3,428)
Payments of lease interest	(1,014)	(807)
Net drawdown of short term borrowings	153,612	307,442
Dividends paid to non-controlling interests	(12,340)	(3,521)
Net cash from financing activities	432,673	276,204
Net increase in cash and cash equivalents	116,491	470,910
Cash and cash equivalents at 1 October	2,297,993	2,614,904
	2,414,484	3,085,814
Currency translation differences on opening balances	(11,875)	(58,242)
Cash and cash equivalents at 31 December	2,402,609	3,027,572
Cash and cash equivalents consist of:		
Cash and bank balances	1,026,689	1,097,906
Deposits with licensed banks	624,090	895,213
Money market funds	751,830	1,229,337
Bank overdrafts	-	(194,884)
	2,402,609	3,027,572

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2023.*



## 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 2023.

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 2023 except for the adoption of the following new MFRS and amendments to MFRSs:

#### ***New MFRS and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023***

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- *Initial Application of MFRS 17 and MFRS 9 - Comparative Information* (Amendments to MFRS 17 *Insurance Contracts*)
- *Disclosure of Accounting Policies* (Amendments to MFRS 101 *Presentation of Financial Statements*)
- *Definition of Accounting Estimates* (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to MFRS 112 *Income Taxes*)

The application of these new MFRS and 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 2023.

**Notes to Interim Financial Report**

(Continued)

**A6. Dividends Paid**

There were no dividends paid during the quarter ended 31 December 2023 (31 December 2022: Nil).

**A7. Segment Information**

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

**(a) Segment revenue and results**

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended</b>						
<b>31 December 2023</b>						
Revenue						
External revenue	951,120	4,477,004	70,325	137,603	-	5,636,052
Inter-segment revenue	439,969	21	-	19,508	(459,498)	-
Total revenue	<u>1,391,089</u>	<u>4,477,025</u>	<u>70,325</u>	<u>157,111</u>	<u>(459,498)</u>	<u>5,636,052</u>

Results						
Operating results	363,685	57,896	11,704	24,508	-	457,793
Interest income	9,717	3,836	1,181	16,239	(10,797)	20,176
Finance costs	(4,336)	(35,475)	(978)	(80,103)	10,797	(110,095)
Share of results of associates	1,332	466	(1)	-	-	1,797
Share of results of joint ventures	-	(1,435)	-	-	-	(1,435)
Segment results	<u>370,398</u>	<u>25,288</u>	<u>11,906</u>	<u>(39,356)</u>	<u>-</u>	<u>368,236</u>
Corporate expense						<u>(2,079)</u>
Profit before taxation						<u><u>366,157</u></u>

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	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)	-
Total revenue	<u>1,356,519</u>	<u>5,522,198</u>	<u>30,955</u>	<u>210,058</u>	<u>(412,008)</u>	<u>6,707,722</u>

Results						
Operating results	330,595	280,263	7,775	79,611	-	698,244
Interest income	7,497	2,103	1,690	20,573	(12,888)	18,975
Finance costs	(5,068)	(33,443)	(481)	(73,648)	12,888	(99,752)
Share of results of associates	536	776	(51)	-	-	1,261
Share of results of joint ventures	-	4,707	-	-	-	4,707
Segment results	<u>333,560</u>	<u>254,406</u>	<u>8,933</u>	<u>26,536</u>	<u>-</u>	<u>623,435</u>
Corporate expense						<u>(28,057)</u>
Profit before taxation						<u><u>595,378</u></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 31 December 2023</b>					
Operating assets	12,051,653	10,784,471	2,826,767	1,911,788	27,574,679
Associates	30,385	73,675	5,306	2,644,862	2,754,228
Joint ventures	-	63,997	-	-	63,997
Segment assets	<u>12,082,038</u>	<u>10,922,143</u>	<u>2,832,073</u>	<u>4,556,650</u>	<u>30,392,904</u>
Tax assets					751,113
Total assets					<u>31,144,017</u>
<b>As at 30 September 2023</b>					
Operating assets	11,497,999	10,619,488	2,770,521	2,192,390	27,080,398
Associates	29,052	72,583	7,805	2,179,405	2,288,845
Joint ventures	-	66,063	-	-	66,063
Segment assets	<u>11,527,051</u>	<u>10,758,134</u>	<u>2,778,326</u>	<u>4,371,795</u>	<u>29,435,306</u>
Tax assets					691,085
Total assets					<u>30,126,391</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 2023</b>					
Segment liabilities	<u>1,297,928</u>	<u>4,121,782</u>	<u>304,407</u>	<u>7,754,242</u>	<u>13,478,359</u>
Tax liabilities and dividend payable					1,624,694
Total liabilities					<u>15,103,053</u>
<b>As at 30 September 2023</b>					
Segment liabilities	<u>1,280,190</u>	<u>4,171,638</u>	<u>279,233</u>	<u>7,132,917</u>	<u>12,863,978</u>
Tax liabilities					1,118,654
Total liabilities					<u>13,982,632</u>

**A8. Event Subsequent to Reporting Date**

On 5 February 2024, the Company served a notice of unconditional voluntary take-over offer on the Board of Directors of KLK Sawit Nusantara Berhad (“KSN”) informing the Company’s intention to acquire all the remaining 40,238,161 ordinary shares in KSN, representing approximately 4.57% of the total issued shares of KSN, not already held by KLK for a cash offer price of RM3.42 per share.

The acquisition will not have any material effect on the Company’s share capital, the shareholdings of the Company’s substantial shareholders, the net assets and the gearing of the Group nor the earnings of the Group for the financial year ending 30 September 2024.

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

**A9. Changes in the Composition of the Group**

- (a) On 12 September 2023, the Company entered into a share sale agreement with Alami Commodities Sdn Bhd to dispose 35% of equity share in a wholly-owned subsidiary, KLK Golden Oils Sdn Bhd ("KLKGO"), for a cash consideration of RM21.9 million. After completion of disposal of shares on 6 December 2023, the Group's effective shareholdings in KLKGO decreased to 65%.
- (b) On 19 December 2023, the Company's wholly-owned subsidiary, KLK Plantations and Trading Pte Ltd ("KLKPT") had completed the acquisition of the following companies from a wholly-owned subsidiary of Batu Kawan Berhad:
- (i) 92% equity interest in PT Satu Sembilan Delapan ("SSD") for cash consideration of RM262.7 million; and
  - (ii) 90% equity interest in PT Terukur Indah ("TKI") for cash consideration of RM12.4 million.

SSD is a limited liability company duly established and existing under the laws of the Republic of Indonesia. The principal activities of SSD are the operation of oil palm plantations and a palm oil mill in Berau region, Indonesia.

TKI is a limited liability company duly established and existing under the laws of the Republic of Indonesia. The principal activity of TKI is the operation of oil palm plantations in Berau region, Indonesia.

These acquisitions will streamline and consolidate the plantation estates of the larger Group under KLK. The strategic proximity of SSD and TKI with KLK's existing estates will provide synergies and boost operational efficiencies of KLK's operations in East Kalimantan. Furthermore, SSD and TKI will be the source of feedstock for KLK's upcoming refinery and oleo complex in East Kalimantan due to its proximity.

These changes in the composition of the Group will not have any material effect on the Company's share capital, the shareholdings of the Company's substantial shareholders, the net assets and the gearing of the Group nor the earnings of the Group for the financial year ending 30 September 2024.

Other than as disclosed above, there were no other material changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations during the quarter under review.

**A10. Changes in Contingent Liabilities and Contingent Assets**

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

**A11. Capital Commitments**

	31 December 2023	30 September 2023
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted	1,125,620	1,015,931
Approved but not contracted	1,194,219	1,557,630
	<u>2,319,839</u>	<u>2,573,561</u>

**Notes to Interim Financial Report**

(Continued)

**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	
	2023	2022
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	75,264	228,180
Purchase of goods	377,005	496,618
Service charges paid	418	354
Research and development services paid	2,370	2,130
(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	8,315	11,241
Taiko Marketing Sdn Bhd	-	3,139
Taiko Marketing (Singapore) Pte Ltd	9,924	463
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	1,226	1,123
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	1,801	1,733
Bukit Katho Estate Sdn Bhd	2,355	2,289
Kampar Rubber & Tin Co Sdn Bhd	3,012	3,063
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	12,419	3,113
Malay Rubber Plantations (M) Sdn Bhd	3,866	3,724
PT Agro Makmur Abadi	25,771	21,768
PT Java Taiko Mineralindo	800	123
PT Safari Riau	12,275	12,918
PT Satu Sembilan Delapan	1,788	14,260
Taiko Clay Marketing Sdn Bhd	1,516	1,893
Taiko Drum Industries Sdn Bhd	474	438
Taiko Marketing Sdn Bhd	6,110	8,891
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	804	712
(iii) Transactions between subsidiaries and non-controlling interests		
<b>Sale of goods</b>		
Mitsui & Co Ltd	112,839	131,531
Mitsui & Co (Malaysia) Sdn Bhd	3,327	-
Mitsui & Co (U.S.A) Inc	1,764	-
<b>Purchases of goods</b>		
PT Kimia Tirta Utama	-	22,430
PT Sawit Asahan Indah	-	2,553
PT Tanjung Bina Lestari	-	3,426
PT Tanjung Sarana Lestari	340,125	352,520
<b>Rental of land paid</b>		
PT Perkebunan Nusantara II	5,417	6,675

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

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

**B1. Analysis of Performance**

**1<sup>st</sup> Quarter FY2024 vs 1<sup>st</sup> Quarter FY2023**

	Quarter Ended		+ / (-) %
	31/12/2023 RM'000	31/12/2022 RM'000	
Revenue	5,636,052	6,707,722	(16.0)
<b>Segment results</b>			
Plantation	370,398	333,560	11.0
Manufacturing	25,288	254,406	(90.1)
Property development	11,906	8,933	33.3
Investment holding/Others	(39,356)	26,536	N/M
	368,236	623,435	(40.9)
Corporate expense	(2,079)	(28,057)	(92.6)
Profit before taxation	366,157	595,378	(38.5)

N/M - Not meaningful

The Group's 1<sup>st</sup> quarter profit before taxation dipped 38.5% to RM366.2 million (1QFY2023: profit RM595.4 million) with lower revenue at RM5.636 billion (1QFY2023: RM6.708 billion).

Comments on the business sectors are as follows:

Plantation

Plantation profit surged 11.0% to RM370.4 million (1QFY2023: profit RM333.6 million) driven by:

- Higher CPO and PK sales volume.
- Lower cost of CPO production.
- Net gain of RM1.0 million (1QFY2023: net loss RM69.5 million) from fair value changes on outstanding derivative contracts.

However, increase in profit was partially offset by:

- Lower CPO and PK selling prices realised as follows:

	1QFY2024	1QFY2023	% Change
Crude Palm Oil (RM/mt ex-mill)	3,470	3,737	(7.1)
Palm Kernel (RM/mt ex-mill)	1,800	1,951	(7.7)

- Fair value loss of RM9.5 million (1QFY2023: gain RM5.3 million) on valuation of unharvested fresh fruit bunches.

Manufacturing

Manufacturing profit fell sharply by 90.1% to RM25.3 million (1QFY2023: profit RM254.4 million) with revenue declined by 18.9% to RM4.477 billion (1QFY2023: RM5.522 billion).

The decline in profit was mainly attributable to:

- Loss incurred by the Oleochemical division which was impacted by eroded profit margin.
- Lower profit contributions from refineries and kernel crushing operations.

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

Property Development

Property segment's profit improved by 33.3% to RM11.9 million (1QFY2023: profit RM8.9 million) supported by higher revenue at RM70.3 million (1QFY2023: RM31.0 million).

Investment Holding/Others

This segment reported a loss of RM39.4 million (1QFY2023: profit RM26.5 million) mainly caused by lower profit from Farming sector of RM7.6 million (1QFY2023: profit RM62.7 million) which was attributable to decline in sales volume of crop due to adverse weather conditions that affected crop production.

Corporate

Net corporate expense of RM2.1 million (1QFY2023: net expense RM28.1 million) included the following:

- Foreign currency exchange gain of RM2.3 million (1QFY2023: loss RM55.6 million) on translation of inter-company loans and bank deposits denominated in foreign currencies.
- A surplus on sale of land and government acquisition amounted to RM17.7 million (1QFY2023: surplus RM42.7 million).

**B2. Variation of Results to Immediate Preceding Quarter**  
**1<sup>st</sup> Quarter FY2024 vs 4<sup>th</sup> Quarter FY2023**

	Current Quarter Ended 31/12/2023 RM'000	Immediate Preceding Quarter Ended 30/09/2023 RM'000	+ / (-) %
Revenue	5,636,052	5,777,310	(2.4)
<b>Segment results</b>			
Plantation	370,398	417,455	(11.3)
Manufacturing	25,288	(102,055)	N/M
Property development	11,906	14,603	(18.5)
Investment holding/Others	(39,356)	(86,196)	(54.3)
	368,236	243,807	51.0
Corporate expense	(2,079)	(60,988)	(96.6)
Profit before taxation	366,157	182,819	*

\* More than 100%

N/M - Not meaningful

The Group's pre-tax profit for the 1<sup>st</sup> quarter improved significantly to RM366.2 million (4QFY2023: profit RM182.8 million) despite revenue was slightly lower at RM5.636 billion (4QFY2023: RM5.777 billion).

**Notes to Interim Financial Report**

(Continued)

Comments on various business sectors are as follows:

**Plantation**

Despite realised CPO selling price was flat at RM3,470/mt ex-mill (4QFY2023: RM3,476/mt ex-mill), Plantation profit was 11.3% lower at RM370.4 million (4QFY2023: profit RM417.5 million) mainly due to:

- Higher cost of CPO production.
- Fair value loss of RM9.5 million (4QFY2023: gain RM33.9 million) on valuation of unharvested fresh fruit bunches.

However, the decrease in profit was cushioned by higher CPO and PK sales volume coupled with better PK selling price realised at RM1,800/mt ex-mill (4QFY2023: RM1,743/mt ex-mill).

**Manufacturing**

Despite revenue declined by 6.0% to RM4.477 billion (4QFY2023: RM4.765 billion), Manufacturing segment returned to a profit before tax of RM25.3 million (4QFY2023: loss RM102.1 million) mainly due to higher profit reported by refineries and kernel crushing operations and lower loss from the Oleochemical division.

**Property Development**

Although revenue was higher at RM70.3 million (4QFY2023: RM68.0 million), Property segment's profit dropped by 18.5% to RM11.9 million (4QFY2023: profit RM14.6 million) mainly due to recognition of development profits from phases with lower gross margin.

**Investment Holding/Others**

This segment reported lower loss of RM39.4 million (4QFY2023: loss RM86.2 million).

Previous quarter's loss included an equity loss of RM24.6 million from an overseas associate, Synthomer plc.

In the current quarter, Farming sector reported a profit of RM7.6 million (4QFY2023: loss RM12.0 million) on harvest and sales of crop.

**Corporate**

Corporate expense fell to RM2.1 million (4QFY2023: expense RM61.0 million) mainly due to:

- Foreign currency exchange gain of RM3.0 million (4QFY2023: loss RM43.1 million) on translation of inter-company loans denominated in foreign currencies.
- Surplus from sale of land and government acquisitions amounting to RM17.7 million (4QFY2023: surplus RM3.8 million).



**Notes to Interim Financial Report**

(Continued)

**B3. Prospects**

The preceding quarter saw CPO prices trading between RM3,600/mt to RM4,000/mt, marked by subdued demand for palm oil which is counterbalanced by the low stock in Indonesia and dryness observed in some areas in Indonesia.

World production of other oilseeds, for example sunflower seed and rapeseed appears to be steady in 2024. The latest global soybean production is expected to sustain at 399.0 million tonnes, primarily due to recovery in Argentina which compensates for the shortfall in Brazil.

Despite the dissipation of the El-Nino premium and lower demand, concerns about low palm production next quarter and tightening stocks during Ramadan season may likely keep prices above RM3,800/mt. The Group remains focused on improving the yields via implementation of site-specific strategies to overcome main yield limitations in certain regions.

The Oleochemical sub-segment reported weak results with a loss of approximately RM9.3 million amid sluggish demand, high interest rate environment and ongoing geopolitical tensions impacting global trade. The Group experienced marginal increase in sales volume in the reporting quarter with eroded margins. The Group sees stronger demand in Europe and Southeast Asia for 2<sup>nd</sup> quarter of FY2024. The performance of each plant will be closely monitored, focusing on the operations that are underperforming to optimise both utilisation and cost to enhance profitability.

Overall, Plantation segment shall remain to be the backbone of the Group's results. With the anticipated recovery of the Manufacturing segment, the Group is cautiously optimistic about its financial prospects for FY2024.

**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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysian taxation	43,986	41,474	43,986	41,474
Overseas taxation	62,281	52,537	62,281	52,537
	106,267	94,011	106,267	94,011
(Over)/Under provision in respect of previous year				
Malaysian taxation	(6)	(1,803)	(6)	(1,803)
Overseas taxation	13,004	15,529	13,004	15,529
	12,998	13,726	12,998	13,726
	119,265	107,737	119,265	107,737
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(18,059)	16,348	(18,059)	16,348
Under/(Over) provision in respect of previous year	49	(11,526)	49	(11,526)
	(18,010)	4,822	(18,010)	4,822
<b>Total</b>	<b>101,255</b>	<b>112,559</b>	<b>101,255</b>	<b>112,559</b>
Profit before taxation	366,157	595,378	366,157	595,378
Tax at Malaysian income tax rate of 24% (FY2023: 24%)	87,878	142,891	87,878	142,891
Effect of different tax rates in foreign jurisdictions	(6,985)	(11,753)	(6,985)	(11,753)
Withholding tax on foreign dividend and interest income	10,769	3,955	10,769	3,955
Expenses not deductible for tax purposes	22,352	22,970	22,352	22,970
Tax exempt and non-taxable income	(24,834)	(26,471)	(24,834)	(26,471)
Tax incentives	(1,309)	(1,245)	(1,309)	(1,245)
Deferred tax assets not recognised during the period	2,431	633	2,431	633
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,467)	(20,715)	(1,467)	(20,715)
Tax effect on associates' and joint ventures' results	(87)	(1,432)	(87)	(1,432)
Under provision of tax expense in respect of previous year	12,998	13,726	12,998	13,726
Under/(Over) provision of deferred tax in respect of previous year	49	(11,526)	49	(11,526)
Others	(540)	1,526	(540)	1,526
<b>Tax expense</b>	<b>101,255</b>	<b>112,559</b>	<b>101,255</b>	<b>112,559</b>

**B6. Status of Corporate Proposals Announced**

There were no corporate proposals announced.

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

**B7. Group Borrowings**

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

	As at 31 December 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
<b>Secured</b>						
Term loans	Euro 1,023	5,189	Euro 1,496	7,586	Euro 2,519	12,775
<b>Unsecured</b>						
Revolving credit	-	-	Euro 80,000	405,720	Euro 80,000	405,720
	-	-	AUD 17,000	53,205	AUD 17,000	53,205
	-	-	GBP 68,500	400,718	GBP 68,500	400,718
	USD 13,545	62,402	USD 14,290	65,736	USD 27,835	128,138
	-	-	-	95,000	-	95,000
Trade financing	-	-	USD 28,389	130,446	USD 28,389	130,446
	-	-	Euro 28,315	143,599	Euro 28,315	143,599
	-	-	-	1,212,229	-	1,212,229
Term loans	-	-	USD 30,000	137,850	USD 30,000	137,850
	Euro 32,935	167,028	Euro 1,479	7,500	Euro 34,414	174,528
	-	-	Rmb 70,000	45,304	Rmb 70,000	45,304
	-	-	AUD 1,326	4,149	AUD 1,326	4,149
	-	1,483,466	-	120,000	-	1,603,466
Bankers' acceptance	-	-	-	124,724	-	124,724
Islamic medium term notes	-	5,600,000	-	-	-	5,600,000
<b>Total</b>		<b>7,318,085</b>		<b>2,953,766</b>		<b>10,271,851</b>

	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	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
	-	-	Rmb 103,000	65,776	Rmb 103,000	65,776
	-	1,200,000	-	-	-	1,200,000
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>

Exchange Rates Applied	As at 31 December	
	2023	2022
USD / RM	4.5950	4.4050
Euro / RM	5.0715	4.7151
Rmb / RM	0.6472	0.6386
GBP / RM	5.8499	5.3296
AUD / RM	3.1297	3.0016

**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.

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 31 December 2023, the values and maturity analysis of the outstanding derivatives are as follows:

<u>Derivatives</u>	<u>Contract/Notional Value Net long/(short) RM'000</u>	<u>Fair value Net gains/(losses) RM'000</u>
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,653,163)	21,051
(ii) Commodity futures contracts		
- Less than 1 year	99,155	(4,983)
(iii) Interest rate swap contracts		
- Less than 1 year	7,328	272
- 1 year to 3 years	8,639	507
- More than 3 years	6,714	623
(iv) Commodity swap contracts		
- Less than 1 year	(8,900)	(2,826)
- 1 year to 3 years	(1,071)	(248)

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 first quarter ended 31 December 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.

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

**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 2023 (31 December 2022: Nil).
- (b) The total dividend paid for the current financial year to-date is Nil (31 December 2022: Nil).

**B12. Earnings Per Share**

*Basic earnings per share*

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2023	2022	2023	2022
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	226,942	443,039	226,942	443,039
(b) Weighted average number of shares	1,078,435,986	1,078,156,123	1,078,435,986	1,078,156,123
(c) Earnings per share (sen)	21.0	41.1	21.0	41.1

**B13. Audit Report**

The audit report for the financial year ended 30 September 2023 was not subject to any qualifications.

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

**B14. Profit Before Taxation**

Profit before taxation is arrived at after charging and (crediting) the following:

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(20,176)	(18,975)	(20,176)	(18,975)
Other income including dividend income	(45,933)	(38,006)	(45,933)	(38,006)
Interest expense	110,095	99,752	110,095	99,752
Depreciation and amortisation	253,023	235,162	253,023	235,162
(Write-back) and provision for/write-off of receivables	(413)	1,662	(413)	1,662
Provision for/(Reversal of provision for) inventories	5,692	(9,142)	5,692	(9,142)
Surplus on disposal of land	(5,900)	(807)	(5,900)	(807)
Surplus on government acquisition of land	(11,767)	(41,882)	(11,767)	(41,882)
Foreign exchange loss	56,307	144,364	56,307	144,364
Gain on derivatives	(61,979)	(11,606)	(61,979)	(11,606)
Exceptional items	-	-	-	-

By Order of the Board  
YAP MIOU KIEN  
Company Secretary

20 February 2024