

BATU KAWAN BERHAD

196501000504 (6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
for the Second Quarter ended 31 March 2022**

Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2022.

Condensed Consolidated Statement of Profit or Loss For the Second Quarter ended 31 March 2022

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			6 months ended		
	31 March			31 March		
	2022	2021	+ / (-)	2022	2021	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,654,578	4,725,944	40.8	13,755,464	9,162,009	50.1
Operating expenses	(5,877,252)	(4,250,732)	38.3	(12,050,772)	(8,275,613)	45.6
Other operating income	134,711	246,465	(45.3)	283,317	410,293	(30.9)
Finance costs	(89,850)	(65,513)	37.1	(172,523)	(128,811)	33.9
Net reversals of impairment on financial assets	17,545	4,837	262.7	24,103	3,255	640.5
Share of results of associates	26,138	26,813	(2.5)	31,059	31,816	(2.4)
Share of results of joint ventures	(5,087)	2,556	(299.0)	11,115	12,371	(10.2)
Profit before taxation	860,783	690,370	24.7	1,881,763	1,215,320	54.8
Income tax expense	(190,945)	(137,737)	38.6	(487,328)	(230,247)	111.7
NET PROFIT FOR THE PERIOD	669,838	552,633	21.2	1,394,435	985,073	41.6
Profit attributable to:						
Equity holders of the Company	316,536	261,081	21.2	647,265	452,432	43.1
Non-controlling interests	353,302	291,552	21.2	747,170	532,641	40.3
	669,838	552,633	21.2	1,394,435	985,073	41.6
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	80.3	65.8		164.2	114.1	
Diluted	N/A	N/A		N/A	N/A	

N/A - Not applicable

Condensed Consolidated Statement of Other Comprehensive Income For the Second Quarter ended 31 March 2022

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	669,838	552,633	1,394,435	985,073
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(6,509)	46,859	(23,487)	117,142
Share of other comprehensive income/(loss) in associates	23,139	(51,556)	23,139	(51,556)
	16,630	(4,697)	(348)	65,586
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	149,043	32,025	192,366	87,674
Share of other comprehensive income in associates	19,544	16,545	19,544	16,545
	168,587	48,570	211,910	104,219
Total other comprehensive income for the period	185,217	43,873	211,562	169,805
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	855,055	596,506	1,605,997	1,154,878
Total comprehensive income attributable to:				
Equity holders of the Company	401,751	285,993	759,801	545,662
Non-controlling interests	453,304	310,513	846,196	609,216
	855,055	596,506	1,605,997	1,154,878

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

Condensed Consolidated Statement of Financial Position
As at 31 March 2022

(The figures have not been audited.)

	At 31 March 2022	At 30 September 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	12,243,845	11,520,015
Right-of-use assets	1,434,483	1,381,622
Investment property	7,170	7,170
Inventories	1,990,410	2,035,257
Goodwill on consolidation	439,636	437,357
Intangible assets	114,815	129,906
Investments in associates	2,048,647	1,795,476
Investments in joint ventures	354,021	343,423
Other investments	956,262	803,190
Other receivable	395,674	446,418
Deferred tax assets	348,766	350,777
	20,333,729	19,250,611
Current assets		
Inventories	3,858,761	3,080,319
Biological assets	220,600	212,989
Trade and other receivables	3,310,476	3,332,046
Contract assets	45,861	7,448
Tax recoverable	39,827	40,497
Derivative financial assets	219,031	162,486
Other investments	467,084	121,048
Short term funds	1,153,716	253,444
Cash and cash equivalents	3,027,357	3,408,179
	12,342,713	10,618,456
TOTAL ASSETS	32,676,442	29,869,067

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

Condensed Consolidated Statement of Financial Position As at 31 March 2022

(The figures have not been audited.)

	At 31 March 2022 RM'000	At 30 September 2021 RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	2,045,419	2,850,424
Contract liabilities	149,016	121,098
Deferred income	8,585	8,598
Lease liabilities	28,106	29,443
Borrowings	3,816,813	3,407,619
Tax payable	239,595	223,082
Derivative financial liabilities	320,835	238,167
	6,608,369	6,878,431
Net current assets	5,734,344	3,740,025
Non-current liabilities		
Deferred tax liabilities	1,137,932	1,016,689
Lease liabilities	123,521	134,081
Deferred income	94,095	98,465
Provision for retirement benefits	574,000	572,717
Borrowings	8,332,462	6,217,293
	10,262,010	8,039,245
Total liabilities	16,870,379	14,917,676
Net assets	15,806,063	14,951,391
Equity attributable to owners of the Company		
Share capital	507,587	507,587
Treasury shares	(104,014)	(83,334)
Reserves	6,712,001	5,906,031
	7,115,574	6,330,284
Non-controlling interests	8,690,489	8,621,107
Total equity	15,806,063	14,951,391
TOTAL EQUITY AND LIABILITIES	32,676,442	29,869,067
Net assets per share attributable to equity holders of the Company (RM)	18.07	16.04

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

Condensed Consolidated Statement of Changes in Equity For the Second Quarter ended 31 March 2022

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Total	Non-controlling interests	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve				Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
At 1 October 2021	507,587	(83,334)	886,552	38,659	615,771	(443,155)	4,808,204	6,330,284	8,621,107	14,951,391
Total comprehensive income for the period	-	-	41,090	1,150	43,394	-	674,167	759,801	846,196	1,605,997
Transactions with owners:										
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	3	-	319,182	(12,157)	307,028	(358,406)	(51,378)
Effect of changes in shareholdings in subsidiaries	-	-	(193)	(1,230)	(108)	-	(31,438)	(32,969)	(45,841)	(78,810)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Expiry of unconditional mandatory takeover offer on acquisition of a subsidiary	-	-	-	-	-	126,798	-	126,798	-	126,798
Surplus on capital reduction	-	-	(2,243)	-	-	-	2,243	-	-	-
Shares buy back	-	(20,680)	-	-	-	-	-	(20,680)	-	(20,680)
Employees' share grant scheme	-	-	-	-	-	-	-	-	5,859	5,859
Dividend paid - FY2021 final	-	-	-	-	-	-	(354,688)	(354,688)	-	(354,688)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(591,625)	(591,625)
	-	(20,680)	(2,436)	(1,227)	(108)	445,980	(396,040)	25,489	(776,814)	(751,325)
At 31 March 2022	507,587	(104,014)	925,206	38,582	659,057	2,825	5,086,331	7,115,574	8,690,489	15,806,063

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

Condensed Consolidated Statement of Changes in Equity For the Second Quarter ended 31 March 2022

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non-controlling interests	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
At 1 October 2020	507,587	(23,957)	771,417	(25,443)	525,067	4,122,259	5,876,930	6,744,349	12,621,279
Total comprehensive income for the period	-	-	1,291	32,345	53,021	459,005	545,662	609,216	1,154,878
Transactions with owners:									
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	289	289
Effect of deemed acquisition of shares in a subsidiary	-	-	-	-	-	(78,030)	(78,030)	-	(78,030)
Effect of changes in shareholdings in a subsidiary	-	-	(44)	(1)	(23)	(253)	(321)	321	-
Effect of changes in shareholdings in an associate	-	-	-	1	-	(1)	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	3,052	3,052
Redemption of redeemable preference shares	-	-	13,205	-	-	(13,205)	-	-	-
Shares buy back	-	(35,797)	-	-	-	-	(35,797)	(40)	(35,837)
Employees' share grant scheme	-	525	-	-	-	-	525	1,867	2,392
Dividend paid - FY2020 final	-	-	-	-	-	(158,428)	(158,428)	-	(158,428)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(251,536)	(251,536)
	-	(35,272)	13,161	-	(23)	(249,917)	(272,051)	(246,047)	(518,098)
At 31 March 2021	507,587	(59,229)	785,869	6,902	578,065	4,331,347	6,150,541	7,107,518	13,258,059

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

Condensed Consolidated Statement of Cash Flows As at 31 March 2022

(The figures have not been audited.)

	6 months ended 31 March	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,881,763	1,215,320
Adjustments for:		
Non-cash items	506,087	79,321
Non-operating items	127,718	78,350
Operating cash flows before changes in working capital	2,515,568	1,372,991
Changes in working capital		
Net change in current assets	(777,088)	(587,242)
Net change in current liabilities	143,833	85,022
Cash flows generated from operations	1,882,313	870,771
Interest received	3,069	2,629
Interest paid	(168,176)	(128,700)
Tax paid	(482,849)	(126,478)
Retirement benefits paid	(24,881)	(18,683)
Net cash flows generated from operating activities	1,209,476	599,539
Cash flows from investing activities		
Purchase of property, plant and equipment	(589,867)	(424,215)
Purchase of right-of-use assets	(9,369)	(2,247)
Property development expenditure	(7,508)	(3,869)
Addition to investment property	-	(7)
Purchase of shares in subsidiaries, net of cash	(303,834)	(423,708)
Purchase of additional shares in a subsidiary	(75,269)	-
Subscription and purchase of shares in an associate	(274,056)	(40,317)
Subscription of shares in joint ventures	(17,497)	(4,202)
Purchase of shares from non-controlling interests	(859,628)	-
Purchase of other investments	(790,657)	(298,487)
Purchase of intangible assets	(504)	(681)
Proceeds from disposal of property, plant and equipment	6,525	4,402
Compensation from government on land acquired	3,479	4,987
Proceed from disposal of land	-	149,401
Proceeds from disposal of other investments	507,802	434,708
Repayment from associates	-	16,592
Repayment from/(Advance to) joint ventures	12,658	(3,272)
Advances to investee companies	(27,744)	(3,057)
(Increase)/Decrease in short term funds	(900,257)	431,313
Decrease in other receivables	60,346	5,328
Dividends received	92,120	62,128
Interest received	18,367	29,975
Net cash flows used in investing activities	(3,154,893)	(65,228)

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

Condensed Consolidated Statement of Cash Flows As at 31 March 2022

(The figures have not been audited.)

	6 months ended 31 March	
	2022	2021
	RM'000	RM'000
Cash flows from financing activities		
Issuance of Islamic Medium Term Notes	2,500,000	-
Drawdown of term loans	428,774	147,097
Repayment of term loans	(475,888)	(107,554)
Lease payments	(18,687)	(19,611)
Net drawdown of short term borrowings	16,151	415,788
Dividends paid to shareholders of the Company	(354,688)	(158,428)
Dividends paid to non-controlling interests	(591,625)	(251,536)
Shares buy back	(20,680)	(35,837)
Issuance of shares to non-controlling interests	10	289
Net cash flows generated from/(used in) financing activities	1,483,367	(9,792)
Net (decrease)/increase in cash and cash equivalents	(462,050)	524,519
Effects of exchange rate changes	6,685	5,536
Cash and cash equivalents at 1 October	3,284,946	3,110,551
Cash and cash equivalents at 31 March	2,829,581	3,640,606
Cash and cash equivalents at 31 March is represented by:		
Deposits with licensed banks	700,709	592,881
Fixed income trust funds	930,114	2,108,233
Cash and bank balances	1,396,534	1,080,401
Bank overdrafts	(197,776)	(140,909)
	2,829,581	3,640,606

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

Notes to Interim Financial Report

A. Explanatory Notes as required by Malaysian Financial Reporting Standard (“MFRS”) 134

A1. Statement of compliance

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 Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements.

A2. Accounting policies

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2021 except for the adoption of the following standards, interpretation and amendments to MFRSs:

MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2021

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

The application of these amendments to MFRSs has no significant effect to the financial statements of the Group.

A3. Seasonal and cyclical operations

The Group’s plantation operations are affected by seasonal crop production, weather conditions and fluctuations in commodity prices.

A4. 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.

A5. Material changes in estimates

There were no significant changes in the amounts of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

A6. Issuance and repayment of debt and equity securities

There were no issuances and repayments of debt securities, share buybacks, share cancellations or resale of treasury shares for the financial year to-date except for share buybacks of 871,600 shares in the Company from the open market. The average price paid for the shares repurchased was RM23.68 per share and the total consideration paid, including transaction costs, was RM20,679,603. The shares bought back were financed by internally generated funds and held as treasury shares.

A7. Dividends paid

	3 months ended 31 March	
	2022 RM'000	2021 RM'000
Dividends proposed in financial year ("FY") 2021, paid in FY 2022:		
Final 90 sen per share single tier	354,688	-
Dividends proposed in FY 2020, paid in FY 2021:		
Final 40 sen per share single tier	-	158,428
	354,688	158,428

Dividend was paid on the number of outstanding shares in issue and fully paid of 394,097,363 (2021: 396,070,563).

A8. Segment information

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure. Effective from 1 October 2021, refineries and kernel crushing operations are classified from plantation to manufacturing segment to better reflect the performance of the upstream business.

a) Segment revenue and results

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31 March 2022						
Revenue						
External revenue	2,204,194	11,261,200	92,916	197,154	-	13,755,464
Inter-segment revenue	836,758	24,196	-	1,152,454	(2,013,408)	-
Total revenue	3,040,952	11,285,396	92,916	1,349,608	(2,013,408)	13,755,464
Results						
Operating results	1,063,747	823,316	33,480	105,930	(14,361)	2,012,112
Finance costs	(8,494)	(32,559)	(200)	(145,631)	14,361	(172,523)
Share of results of associates	3,684	13,840	1,736	11,799	-	31,059
Share of results of joint ventures	-	6,342	-	4,773	-	11,115
Segment results	1,058,937	810,939	35,016	(23,129)	-	1,881,763
Profit before taxation						1,881,763

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended						
31 March 2021						
Revenue						
External revenue	1,168,660	7,716,838	95,060	181,451	-	9,162,009
Inter-segment revenue	301,392	562,029	-	559,781	(1,423,202)	-
Total revenue	1,470,052	8,278,867	95,060	741,232	(1,423,202)	9,162,009
Results						
Operating results	521,922	466,405	34,330	291,108	(13,821)	1,299,944
Finance costs	(4,383)	(23,912)	-	(114,337)	13,821	(128,811)
Share of results of associates	(633)	6,132	4,807	21,510	-	31,816
Share of results of joint ventures	-	10,197	-	2,174	-	12,371
Segment results	516,906	458,822	39,137	200,455	-	1,215,320
Profit before taxation						1,215,320

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2022					
Operating assets	11,679,941	11,011,396	2,678,846	4,514,998	29,885,181
Associates	29,603	90,628	9,925	1,918,491	2,048,647
Joint ventures	-	163,802	-	190,219	354,021
Segment assets	11,709,544	11,265,826	2,688,771	6,623,708	32,287,849
Tax assets					388,593
Total assets					32,676,442
At 30 September 2021					
Operating assets	11,158,074	9,863,706	2,664,029	3,653,085	27,338,894
Associates	31,920	86,145	17,689	1,659,722	1,795,476
Joint ventures	-	178,381	-	165,042	343,423
Segment assets	11,189,994	10,128,232	2,681,718	5,477,849	29,477,793
Tax assets					391,274
Total assets					29,869,067

c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2022					
Segment liabilities	1,767,572	4,434,936	175,330	9,115,014	15,492,852
Tax liabilities					1,377,527
Total liabilities					16,870,379
At 30 September 2021					
Segment liabilities	2,828,677	3,982,907	149,627	6,716,694	13,677,905
Tax liabilities					1,239,771
Total liabilities					14,917,676

A9. Event Subsequent to Reporting Date

In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim report.

A10. Changes in composition of the Group

There were no other 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 current quarter review except for the following:

For the 6-month period ended 31 March 2022, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLKB"), further acquired 260,725,990 ordinary shares in KLK Sawit Nusantara Berhad ("KLKSN"), formerly known as IJM Plantations Berhad, representing 29.61% equity interest in KLKSN. Accordingly, KLKB holds a total of 839,678,009 KLKSN shares, representing 95.36% equity interest in KLKSN as at 31 March 2022.

A11. Changes in contingent liabilities and contingent assets

There were no material changes in the contingent liabilities or contingent assets since the last annual financial statements for the year ended 30 September 2021.

A12. Capital commitments

At the end of the reporting year, the Group's capital commitments were as follows:

	At 31 March 2022	At 30 September 2021
	RM'000	RM'000
Capital expenditure		
Approved and contracted	360,318	393,409
Approved but not contracted	1,590,810	1,582,515
	<u>1,951,128</u>	<u>1,975,924</u>
Joint venture		
Share of capital commitment of a joint venture	54,624	83,723
	<u>54,624</u>	<u>83,723</u>

A13. 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.

	6 months ended 31 March	
	2022	2021
	RM'000	RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	338,604	170,512
Purchase of goods	1,128,258	806,592
Service charges paid	671	1,158
Research and development services paid	6,117	7,587
	<u>6,117</u>	<u>7,587</u>

	6 months ended	
	31 March	
	2022	2021
	RM'000	RM'000
b) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
Sales of goods		
Chlor-Al Chemical Pte Ltd	6,497	1,082
Siam Taiko Marketing Co Ltd	2,235	1,426
Taiko Acid Works Sdn Bhd	5,400	4,738
Taiko Marketing (S) Pte Ltd	1,405	164
Taiko Marketing Sdn Bhd	162,867	103,754
Storage tanks rental received		
Taiko Marketing Sdn Bhd	2,262	2,037
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,933	1,525
Bukit Katho Estate Sdn Bhd	6,056	3,554
Kampar Rubber & Tin Co Sdn Bhd	7,714	4,026
Kekal & Deras Sdn Bhd	1,751	1,180
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,139	-
Malay Rubber Plantations (M) Sdn Bhd	8,224	5,172
PT Agro Makmur Abadi	59,094	55,453
PT Bumi Karyatama Raharja	-	1,702
PT Java Taiko Mineralindo	1,159	-
PT Safari Riau	29,112	21,785
Taiko Clay Marketing Sdn Bhd	1,986	1,321
Taiko Drum Industries Sdn Bhd	1,756	1,813
Taiko Marketing (S) Pte Ltd	7,565	21,631
Taiko Marketing Sdn Bhd	28,056	12,560
Management fees paid		
Farming Management Services Pty Ltd	1,751	1,473
Fixed cost earned		
Taiko Acid Works Sdn Bhd	14	1,028
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	949	710
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c) Transactions between subsidiaries and their non-controlling interests:		
Sales of goods		
Agrex Asia Pte Ltd	-	19,659
Mitsui & Co Ltd	207,188	125,262
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	9,187	7,627
PT Tanjung Sarana Lestari	838,555	856,097
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B. Explanatory Notes as required by the Bursa Securities' Listing Requirements

B1. Detailed analysis of performance

2nd Quarter FY2022 vs 2nd Quarter FY2021

	Quarter Ended		Changes %
	31 March		
	2022	2021	
	RM'000	RM'000	
Revenue	6,654,578	4,725,944	40.8
Segment results:			
Plantation	435,354	263,054	65.5
Manufacturing	437,690	260,903	67.8
Property development	16,190	16,949	(4.5)
Investment holding/Others	(28,451)	149,464	(119.0)
Profit before taxation	860,783	690,370	24.7

The Group's profit before taxation for the current quarter was 24.7% higher at RM860.78 million (2Q2021: RM690.37 million) from 40.8% higher revenue at RM6,654.58 million (2Q2021: RM4,725.94 million). Comments on the respective business segments are as follows:

Plantation's profit was 65.5% higher at RM435.35 million (2Q2021: RM263.05 million) with 87.8% higher revenue of RM1,051.28 million (2Q2021: RM559.70 million) from higher CPO and PK selling prices, and profit contributions from newly acquired subsidiaries. The profit was partially offset by unrealised loss of RM84.89 million (2Q2021: RM17.84 million unrealised profit) from fair value changes on outstanding derivative contracts.

Manufacturing's profit was 67.8% higher at RM437.69 million (2Q2021: RM260.90 million) on 35.2% higher revenue at RM5,525.20 million (2Q2021: RM4,085.42 million) attributable to higher contributions from Oleochemical division and its refineries and kernel crushing operations, coupled with lower unrealised loss of RM39.48 million (2Q2021: RM43.12 million unrealised loss) from fair value changes on outstanding derivative contracts. Industrial Chemical division recorded 62.2% higher profit at RM60.00 million (2Q2021: RM37.00 million) from higher selling prices of caustic soda in line with global prices.

Property Development's profit fell 4.5% to RM16.19 million (2Q2021: RM16.95 million) on the back of lower revenue of RM36.90 million (2Q2021: RM41.63 million).

Investment Holdings/Others' result has accounted for lower equity profit of RM10.13 million (2Q2021: RM18.61 million profit) from Synthomer plc, an oversea associate. Synthomer plc reported a drop in profit after taking into account of non-recurring provisions. Last year, the segment accounted for RM154.65 million surplus on sales of plantation land and government acquisition and RM12.22 million surplus on fair value of an ordinary investment which was previously an associate.

Todate 2nd Quarter FY2022 vs Todate 2nd Quarter FY2021

	Todate Ended		Changes %
	31 March		
	2022	2021	
	RM'000	RM'000	
Revenue	13,755,464	9,162,009	50.1
Segment results:			
Plantation	1,058,937	516,906	104.9
Manufacturing	810,939	458,822	76.7
Property development	35,016	39,137	(10.5)
Investment holding/Others	(23,129)	200,455	111.5
Profit before taxation	1,881,763	1,215,320	54.8

The Group's half year profit before taxation surged to RM1,881.76 million (Todate 2Q2021: RM1,215.32 million) on 50.1% higher revenue at RM13,755.46 million (Todate 2Q2021: RM9,162.00 million). Comments on the respective business segments are as follows:

Plantation's profit jumped two-fold to RM1,058.94 million (Todate 2Q2021: RM516.91 million) with 88.6% higher revenue at RM2,204.19 million (Todate 2Q2022: RM1,168.66 million) from stronger CPO and PK selling prices coupled with profit contributions from newly acquired subsidiaries and higher fair value gain of RM50.87 million (Todate 2Q2021: RM14.97 million gain) on valuation of unharvested fresh fruit bunches. However, the increase in Plantation's profit was offset by unrealised loss of RM113.61 million (Todate 2Q2021: RM6.56 million unrealised loss) arising from fair value changes on outstanding derivative contracts.

Manufacturing reported a 76.7% higher profit of RM810.92 million (Todate 2Q2021: RM458.82 million) on 45.9% higher revenue at RM11,261.20 million (Todate 2Q2021: RM7,716.84 million) attributable to higher contributions from Oleochemical division and its refineries and kernel crushing operations, coupled with unrealised gain of RM5.21 million (Todate 2Q2021: RM45.18 million unrealised loss) from fair value changes on outstanding derivative contracts. Industrial Chemical division recorded a 64.1% higher profit of RM113.30 million (Todate 2Q2021: RM50.80 million) from higher average selling prices of caustic soda and chlorine, despite lower sales volume of caustic soda coupled with hike in raw material prices and energy costs.

Property Development's profit dipped 10.5% to RM35.02 million (Todate 2Q2021: RM39.14 million) from marginally lower revenue of RM92.92 million (Todate 2Q2021: RM95.06 million).

Investment Holdings/Others' result has accounted for lower equity profit of RM10.13 million (Todate 2Q2021: RM181.61 million profit) from an overseas associate, Synthomer plc. Last year, the segment recognised for RM154.78 million surplus on sales of plantation land and government acquisition, RM12.22 million surplus on fair value of an ordinary investment which was previously an associate and RM61.67 million unrealised foreign currency exchange translation gain on inter-company loans denominated in foreign currencies.

B2. Comparison of current quarter's results to the preceding quarter
2nd Quarter FY2022 vs 1st Quarter FY2022

	Quarter Ended		Changes %
	31 March 2022 RM'000	31 December 2021 RM'000	
Revenue	6,654,578	7,100,886	(6.3)
Segment results:			
Plantation	435,354	623,583	(30.2)
Manufacturing	437,690	373,249	17.3
Property development	16,190	18,826	(14.0)
Investment holding/Others	(28,451)	5,322	(634.6)
Profit before taxation	860,783	1,020,980	(15.7)

For the current quarter, the Group's profit before taxation fell 15.7% to RM860.78 million as compared to RM1,020.98 million reported in the preceding quarter, with a 6.3% lower revenue at RM6,654.58 million (1Q2022: RM7,100.89 million). Comments on the respective business segments are as follows:

Despite higher CPO and PK selling prices, **Plantation** recorded 30.2% lower profit of RM435.35 million (1Q2022: RM623.58 million) from lower sales volume and due to higher cost of CPO production arising from drop in FFB production coupled with higher unrealised loss of RM84.89 million (1Q2022: RM28.72 million unrealised loss) from fair value changes on outstanding derivative contracts.

Manufacturing's profit was 17.3% higher at RM437.67 million (1Q2022: RM373.25 million) despite 3.7% lower revenue of RM5,525.20 million (1Q2022: RM5,736.00 million) from lower sales volume and unrealised loss of RM39.48 million (1Q2022: RM44.68 million unrealised gain) from fair value changes on outstanding derivative contracts. Industrial Chemical division posted a 12.6% increase in profit to RM60.00 million (1Q2022: RM53.30 million) from higher average selling prices of caustic soda.

Property Development recorded a 14.0% lower profit at RM16.19 million (1Q2022: RM18.83 million) from 34.1% lower revenue of RM36.90 million (1Q2022: RM56.02 million).

Investment Holdings/Others' result mainly accounted for equity profit of RM10.13 million (1Q2022: Nil) from an overseas associate, Synthomer plc, and unrealised foreign currency exchange translation gain of RM13.00 million (1Q2022: RM4.25 million unrealised loss) on inter-company loans denominated in foreign currencies. Previous quarter had recognised for Farming profit of RM59.70 million.

B3. Current year's prospects

The Group's Plantation segment will benefit from currently high palm oil prices, which are expected to continue in the near term due to the tight edible oils markets and supply disruptions compounded by Russian-Ukraine conflict.

For the Group's Manufacturing segment, the Oleochemical division expects to perform satisfactorily for the financial year 2022 supported by current robust demand, despite challenges from increases in raw material prices and energy costs, and shipping logistic issues. The Industrial Chemical division will benefit from strong prevailing caustic soda prices for the financial year 2022.

The Group's financial performance is therefore expected to be strong for the financial year 2022.

B4. Variance of actual profit from forecast profit

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

B5. Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	87,719	31,765	180,415	62,412
Overseas taxation	112,670	60,557	302,258	129,234
	<u>200,389</u>	<u>92,322</u>	<u>482,673</u>	<u>191,646</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(172)	-	4,155	(309)
Overseas taxation	13,724	6,150	18,558	7,084
	<u>13,552</u>	<u>6,150</u>	<u>22,713</u>	<u>6,775</u>
Deferred tax				
Origination and reversal of temporary differences	(13,523)	18,771	(12,864)	10,429
Relating to changes in tax rates	-	20,765	-	20,765
(Over)/under provision in respect of previous years	(9,473)	(271)	(5,194)	632
	<u>(22,996)</u>	<u>39,265</u>	<u>(18,058)</u>	<u>31,826</u>
	<u>190,945</u>	<u>137,737</u>	<u>487,328</u>	<u>230,247</u>

Reconciliation of effective taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	860,783	690,370	1,881,763	1,215,320
Taxation at Malaysia income tax rate of 24% (FY2021: 24%)	206,588	165,689	451,623	291,677
Effect of different tax rates in foreign jurisdiction	(13,510)	(4,793)	(18,624)	(16,671)
Withholding tax on foreign dividend and interest income	11,978	3,392	83,216	6,890
Expenses not deductible for tax purposes	12,146	15,238	38,538	29,295
Tax exempt and non-taxable income	(11,702)	(55,114)	(28,660)	(74,715)
Effect of reduction in income tax rate	82	959	-	959
Tax incentives	(2,695)	(1,489)	(5,259)	(2,455)
Deferred tax assets not recognised during the period/year	14	92	48	93
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(16,041)	(6,003)	(46,244)	(23,833)
Tax effect on associates' and joint ventures' results	(5,051)	(6,812)	(10,122)	(10,368)
Under provision of tax expense in respect of previous years	13,552	6,150	22,713	6,775
(Over)/Under provision of deferred tax in respect of previous years	(9,473)	(271)	(5,194)	632
Effect of changes in tax rates on deferred tax	-	20,765	-	20,765
Others	5,057	(66)	5,293	1,203
Tax expense	190,945	137,737	487,328	230,247

B6. Status of corporate proposals

There were no corporate proposals announced.

B7. Group borrowings

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

	At 31 March 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
<u>Secured</u>						
Term Loans	Euro 2,927	13,622	Euro 1,261	5,869	Euro 4,188	19,491
Banker's Acceptance	-	-	-	1,628	-	1,628
<u>Unsecured</u>						
Bank overdraft	-	-	Euro 42,501	197,776	Euro 42,501	197,776
Revolving credit	-	-	Euro 45,000	209,403	Euro 45,000	209,403
	-	-	GBP 44,178	244,015	GBP 44,178	244,015
	-	-	-	148,900	-	148,900
Trade financing	-	-	USD 33,263	139,863	USD 33,263	139,863
	-	-	-	673,700	-	673,700
Term loans	USD 84,200	353,726	USD 64,925	272,824	USD 149,125	626,550
	-	-	Euro 73,500	343,311	Euro 73,500	343,311
	JPY 2,361,240	81,484	JPY 262,360	9,054	JPY 2,623,600	90,538
	-	1,283,630	-	43,751	-	1,327,381
Bankers' acceptance	-	-	-	526,719	-	526,719
Islamic medium term notes	-	6,600,000	-	1,000,000	-	7,600,000
Total	-	8,332,462	-	3,816,813	-	12,149,275

	At 31 March 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
<u>Secured</u>						
Term Loans	Euro 4,189	20,373	Euro 1,252	6,087	Euro 5,441	26,460
<u>Unsecured</u>						
Bank overdraft	-	-	Euro 28,970	140,909	Euro 28,970	140,909
Revolving credit	-	-	Euro 21,000	102,142	Euro 21,000	102,142
	-	-	GBP 33,000	188,592	GBP 33,000	188,592
	-	-	AUD 6,800	21,423	AUD 6,800	21,423
	-	-	-	221,349	-	221,349
Trade financing	-	-	USD 74,411	308,544	USD 74,411	308,544
	-	-	-	583,821	-	583,821
Term loans	USD 67,000	278,326	USD 29,000	120,332	USD 96,000	398,658
	Euro 30,000	145,893	Euro 13,000	63,200	Euro 43,000	209,093
	-	68,386	-	119,545	-	187,931
Bankers' acceptance	-	-	-	123,446	-	123,446
Islamic medium term notes	-	5,100,000	-	-	-	5,100,000
Total	-	5,612,978	-	1,999,390	-	7,612,368

Exchange Rates Applied	At 31 March	
	2022	2021
USD / RM	4.2048	4.1465
Euro / RM	4.6534	4.8639
Rp1,000/RM	0.2926	0.2855
RMB/RM	0.6632	0.6328
GBP/RM	5.5234	5.7149
AUD/RM	3.1456	3.1505
JPY100 / RM	3.4549	3.7452

B8. Derivative financial instruments

The Group has entered into forward foreign exchange contracts 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 March 2022, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	Contract / Notional value Net long/(short) RM'000	Fair value Net gains/(losses) RM'000
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,365,445)	11,794
b) Commodity futures contracts:		
- Less than 1 year	(521,235)	(113,598)

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 period ended 31 March 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) An interim single tier dividend of 20 sen per share has been authorised by the Directors in respect of the financial year ending 30 September 2022 (2021: 20 sen) and will be paid to the shareholders on 4 August 2022. The entitlement date for the dividend shall be 12 July 2022.

A Depositor with Bursa Malaysia Depository Sdn Bhd shall qualify for the entitlement to the dividend only in respect of:

- (i) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 7 July 2022 in respect of securities which are exempted from mandatory deposit;
- (ii) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 12 July 2022 in respect of transfers; and
- (iii) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

b) Total dividend for the current financial year to-date is single tier dividend of 20 sen per share (2021: 20 sen).

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		6 months ended	
	31 March		31 March	
	2022	2021	2022	2021
Net profit for the period attributable to equity holders of the Company (RM'000)	316,536	261,081	647,265	452,432
Weighted average number of shares ('000)	394,249	396,656	394,249	396,656
Earnings per share (sen)	80.3	65.8	164.2	114.1

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2021 was not subject to any qualifications.

B14. Condensed Consolidated Statement of Profit or Loss

Profit before taxation for the period is arrived at after charging/(crediting) the following items:

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(15,597)	(13,513)	(28,689)	(29,728)
Dividend income	(4,723)	(10,906)	(16,115)	(20,733)
Other income	(134,711)	(251,488)	(283,317)	(416,664)
Interest expense	89,850	65,513	172,523	128,811
Depreciation and amortisation	270,632	172,201	514,827	332,642
Provision for and write-off/(write-back) of receivables	-	(3,550)	14	(1,968)
Provision for and write-off/(write-back) of inventories	39,261	3,390	85,241	(2,190)
Surplus on disposal of quoted or unquoted investment	(169)	(15,533)	(200)	(15,512)
Fair value surplus of an ordinary investment which was previously an associate	-	(12,224)	-	(12,224)
Surplus on disposal of land	(554)	(149,501)	(1,390)	(149,795)
Surplus arising from government acquisition of land	(28)	(5,148)	(3,479)	(4,987)
Write-off of prepaid lease payment	-	(3)	-	(3)
Foreign exchange gain	(41,064)	(46,465)	(49,156)	(123,329)
Loss/(Gain) on derivatives	10,835	340	(70,131)	(12,817)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG
YAP MIOW KIEN
CHIEW CINDY
Company Secretaries

24 May 2022