

# **BATU KAWAN BERHAD**

196501000504 (6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
for the Second Quarter ended 31 March 2021**

Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2021.

## Condensed Consolidated Statement of Profit or Loss For the Second Quarter ended 31 March 2021

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			6 months ended		
	31 March			31 March		
	2021	2020	+ / (-)	2021	2020	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,725,944	3,933,221	20.2	9,162,009	8,139,325	12.6
Operating expenses	(4,250,918)	(3,792,987)	12.1	(8,278,729)	(7,748,913)	6.8
Other operating income	251,488	11,429	N/M	416,664	116,782	256.8
Finance costs	(65,513)	(66,843)	(2.0)	(128,811)	(135,414)	(4.9)
Share of results of associates	26,813	38,562	(30.5)	31,816	41,565	(23.5)
Share of results of joint ventures	2,556	(11,678)	121.9	12,371	(7,889)	256.8
<b>Profit before taxation</b>	<b>690,370</b>	<b>111,704</b>	<b>518.0</b>	<b>1,215,320</b>	<b>405,456</b>	<b>199.7</b>
Income tax expense	(137,737)	(84,555)	62.9	(230,247)	(160,920)	43.1
<b>NET PROFIT FOR THE PERIOD</b>	<b>552,633</b>	<b>27,149</b>	<b>N/M</b>	<b>985,073</b>	<b>244,536</b>	<b>302.8</b>
Profit attributable to:						
Equity holders of the Company	261,081	16,020	N/M	452,432	119,452	278.8
Non-controlling interests	291,552	11,129	N/M	532,641	125,084	325.8
	552,633	27,149	N/M	985,073	244,536	302.8
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	65.8	4.1		114.1	30.3	
Diluted	Not applicable	Not applicable		Not applicable	Not applicable	

N/M - Not meaningful

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Other Comprehensive Income For the Second Quarter ended 31 March 2021

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>552,633</b>	<b>27,149</b>	<b>985,073</b>	<b>244,536</b>
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	46,859	(157,273)	117,142	(143,810)
Share of other comprehensive loss in associates	(51,556)	(17,737)	(51,556)	(17,737)
	(4,697)	(175,010)	65,586	(161,547)
<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	32,025	(160,767)	87,674	(112,870)
Share of other comprehensive profit/(loss) in associates	16,545	(5,116)	16,545	(5,116)
	48,570	(165,883)	104,219	(117,986)
<b>Total other comprehensive income/(loss) for the period</b>	<b>43,873</b>	<b>(340,893)</b>	<b>169,805</b>	<b>(279,533)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>596,506</b>	<b>(313,744)</b>	<b>1,154,878</b>	<b>(34,997)</b>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	285,993	(150,613)	545,662	(17,201)
Non-controlling interests	310,513	(163,131)	609,216	(17,796)
	596,506	(313,744)	1,154,878	(34,997)

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2020.

**Condensed Consolidated Statement of Financial Position  
As at 31 March 2021**

(The figures have not been audited.)

	<b>At 31 March 2021</b>	<b>At 30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	8,419,142	7,975,054
Right-of-use assets	906,389	874,561
Investment property	53,232	46,531
Inventories	1,099,915	1,096,046
Goodwill on consolidation	562,842	354,637
Intangible assets	25,864	22,324
Investments in associates	1,617,858	1,569,081
Investments in joint ventures	299,177	279,190
Other investments	764,112	622,439
Other receivable	241,354	235,671
Deferred tax assets	356,330	378,389
	<b>14,346,215</b>	<b>13,453,923</b>
<b>Current assets</b>		
Inventories	2,305,025	2,022,895
Biological assets	110,527	129,052
Trade and other receivables	2,671,284	2,225,439
Contract assets	34,571	10,276
Tax recoverable	50,368	61,296
Other investments	47,050	173,886
Derivative financial assets	61,926	98,309
Short term funds	489,603	919,994
Cash and cash equivalents	3,781,515	3,239,756
	<b>9,551,869</b>	<b>8,880,903</b>
<b>TOTAL ASSETS</b>	<b>23,898,084</b>	<b>22,334,826</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2020.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 March 2021**

(The figures have not been audited.)

	<b>At 31 March 2021</b>	<b>At 30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,403,760	1,264,389
Contract liabilities	101,745	87,821
Deferred income	8,419	8,419
Lease liabilities	30,499	29,682
Borrowings	1,999,390	1,310,848
Tax payable	82,855	40,479
Derivative financial liabilities	113,942	97,635
	<b>3,740,610</b>	<b>2,839,273</b>
<b>Net current assets</b>	<b>5,811,259</b>	<b>6,041,630</b>
<b>Non-current liabilities</b>		
Other payables	15	15
Deferred tax liabilities	489,557	470,666
Lease liabilities	128,865	128,317
Deferred income	103,017	106,564
Provision for retirement benefits	564,983	558,270
Borrowings	5,612,978	5,610,442
	<b>6,899,415</b>	<b>6,874,274</b>
<b>Total liabilities</b>	<b>10,640,025</b>	<b>9,713,547</b>
<b>Net assets</b>	<b>13,258,059</b>	<b>12,621,279</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	507,587	507,587
Treasury shares	(59,229)	(23,957)
Reserves	5,702,183	5,393,300
	<b>6,150,541</b>	<b>5,876,930</b>
Non-controlling interests	7,107,518	6,744,349
<b>Total equity</b>	<b>13,258,059</b>	<b>12,621,279</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,898,084</b>	<b>22,334,826</b>
Net assets per share attributable to equity holders of the Company (RM)	15.54	14.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Changes in Equity For the Second Quarter ended 31 March 2021

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non- controlling interested	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
<b>At 1 October 2020</b>	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 year	-	-	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
Redemption of redeemable preference shares	-	-	13,205	-	-	(13,205)	-	-	-
Effect of deemed acquisition of shares in a subsidiary	-	-	-	-	-	(78,030)	(78,030)	-	(78,030)
Effect of changes in shareholdings in subsidiaries	-	-	(44)	(1)	(23)	(253)	(321)	321	-
Effect of changes in shareholdings in an associate	-	-	-	1	-	(1)	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	3,052	3,052
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)
<b>At 31 March 2021</b>	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 2020.

## Condensed Consolidated Statement of Changes in Equity For the Second Quarter ended 31 March 2021

(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
<b>At 1 October 2019</b>	435,951	(623,059)	658,546	(24,664)	540,171	4,676,028	5,662,973	6,457,280	12,120,253
Total comprehensive income/(loss) for the year	-	-	328	(72,308)	(61,475)	116,254	(17,201)	(17,796)	(34,997)
Transactions with owners:									
Effect of changes in shareholdings in a subsidiary	-	-	1,461	12	876	(20,574)	(18,225)	18,225	-
Redemption of redeemable preference shares	-	-	22,859	-	-	(22,859)	-	-	-
Shares buy back	-	(6,513)	-	-	-	-	(6,513)	-	(6,513)
FY2019 final dividends paid by way of:									
- issuance of new shares pursuant to dividend reinvestment plan	127,681	-	-	-	-	(127,681)	-	-	-
- cash	-	-	-	-	-	(48,879)	(48,879)	-	(48,879)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(100,667)	(100,667)
	127,681	(6,513)	24,320	12	876	(219,993)	(73,617)	(82,442)	(156,059)
<b>At 31 March 2020</b>	563,632	(629,572)	683,194	(96,960)	479,572	4,572,289	5,572,155	6,357,042	11,929,197

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with  
the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Cash Flows As at 31 March 2021

(The figures have not been audited.)

	6 months ended 31 March	
	2021	2020
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	1,215,320	405,456
Adjustments for:		
Non-cash items	79,321	536,717
Non-operating items	78,350	52,228
Operating cash flows before changes in working capital	1,372,991	994,401
Changes in working capital		
Net change in current assets	(587,242)	182,510
Net change in current liabilities	85,022	(212,428)
Cash flows generated from operations	870,771	964,483
Interest received	2,629	3,043
Interest paid	(128,700)	(139,821)
Tax paid	(126,478)	(101,783)
Retirement benefits paid	(18,683)	(18,386)
<b>Net cash flows generated from operating activities</b>	<b>599,539</b>	<b>707,536</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(424,215)	(308,444)
Purchase of right-of-use assets	(2,247)	-
Payments of prepaid lease	-	(1,859)
Property development expenditure	(3,869)	(15,074)
Addition to investment property	(7)	-
Purchase of shares in subsidiaries	(423,708)	-
Subscription of shares in an associate	(40,317)	(41,407)
Subscription of shares in joint ventures	(4,202)	(2,449)
Purchase of other investments	(298,487)	(30,689)
Purchase of intangible assets	(681)	(1,385)
Proceeds from disposal of property, plant and equipment	4,402	2,907
Compensation from government on land acquired	4,987	-
Proceed from disposal of land	149,401	-
Proceeds from disposal of other investments	434,708	107,630
Repayment from associates	16,592	1,120
Advance to joint ventures	(3,272)	(4,898)
Advances to investee companies	(3,057)	(10,752)
Decrease in short term funds	431,313	425,120
Dividends received	62,128	35,682
Interest received	29,975	35,479
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(70,556)</b>	<b>190,981</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2020.



## Condensed Consolidated Statement of Cash Flows As at 31 March 2021

(The figures have not been audited.)

	6 months ended 31 March	
	2021	2020
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Drawdown of term loans	147,097	-
Repayment of term loans	(107,554)	(12,667)
Lease payments	(19,611)	(16,417)
Net drawdown of short term borrowings	415,788	82,490
Dividends paid to shareholders of the Company	(158,428)	(48,879)
Dividends paid to non-controlling interests	(251,536)	(100,667)
Shares buy back	(35,837)	(6,513)
Issuance of shares to non-controlling interests	289	-
Decrease in other receivables	5,328	4,388
<b>Net cash flows used in financing activities</b>	<b>(4,464)</b>	<b>(98,265)</b>
<b>Net increase in cash and cash equivalents</b>	524,519	800,252
Effects of exchange rate changes	5,536	(24,548)
Cash and cash equivalents at 1 October	3,110,551	2,196,611
<b>Cash and cash equivalents at 31 March</b>	<b>3,640,606</b>	<b>2,972,315</b>
Cash and cash equivalents at 31 March is represented by:		
Cash and cash equivalents	3,781,515	3,088,607
Borrowings - Bank overdraft	(140,909)	(116,292)
	<b>3,640,606</b>	<b>2,972,315</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## 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 2020. 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 2020 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 2020***

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of a Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

##### ***MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 17 August 2020***

- Amendments to MFRS 4 *Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*

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 2,037,500 shares in the Company from the open market. The average price paid for the shares repurchased was RM17.20 per share and the total consideration paid, including transaction costs, was RM35,144,089. The shares bought back were financed by internally generated funds and held as treasury shares.

## A7. Dividends paid

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends proposed in financial year ("FY") 2020, paid in FY 2021:		
Final 40 sen per share single tier	158,428	-
Dividends proposed in FY 2019, paid in FY 2020:		
Final 45 sen per share single tier	-	176,560
	<u>158,428</u>	<u>176,560</u>

For the final dividend of RM176,560,000 was paid in Year 2020, RM127,681,000 was satisfied by the issuance of 7,714,894 new shares of the Company pursuant to the dividend reinvestment plan and the balance via cash payment of RM48,879,000.

Dividends are paid on the number of outstanding shares in issue and fully paid of 396,070,563 (2020: 392,355,969).

## 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.

### a) Segment revenue and results

	<b>Plantation</b>	<b>Manufacturing</b>	<b>Property</b>	<b>Investment</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Development</b>	<b>Holding/ Others</b>		
<b>6 months ended</b>						
<b>31 March 2021</b>						
Revenue						
External revenue	3,647,115	5,238,383	95,060	181,451	-	9,162,009
Inter-segment revenue	744,447	1,852	-	559,781	(1,306,080)	-
Total revenue	<u>4,391,562</u>	<u>5,240,235</u>	<u>95,060</u>	<u>741,232</u>	<u>(1,306,080)</u>	<u>9,162,009</u>
Results						
Operating results	579,039	409,288	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	4,051	1,448	4,807	21,510	-	31,816
Share of results of joint ventures	10,197	-	-	2,174	-	12,371
Segment results	<u>588,904</u>	<u>386,824</u>	<u>39,137</u>	<u>200,455</u>	<u>-</u>	<u>1,215,320</u>
Profit before taxation						<u>1,215,320</u>
<b>6 months ended</b>						
<b>31 March 2020</b>						
Revenue						
External revenue	3,809,380	4,102,334	69,209	158,402	-	8,139,325
Inter-segment revenue	442,881	24	-	395,818	(838,723)	-
Total revenue	<u>4,252,261</u>	<u>4,102,358</u>	<u>69,209</u>	<u>554,220</u>	<u>(838,723)</u>	<u>8,139,325</u>

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results						
Operating results	344,081	240,110	16,183	(74,352)	(18,828)	507,194
Finance costs	(9,463)	(25,557)	77	(119,299)	18,828	(135,414)
Share of results of associates	5,933	897	1,429	33,306	-	41,565
Share of results of joint ventures	(16,128)	-	-	8,239	-	(7,889)
Segment results	324,423	215,450	17,689	(152,106)	-	405,456
Profit before taxation						405,456

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 March 2021</b>					
Operating assets	7,592,372	8,134,797	1,620,590	4,226,592	21,574,351
Associates	83,647	27,040	63,877	1,443,294	1,617,858
Joint ventures	152,671	-	-	146,506	299,177
Segment assets	7,828,690	8,161,837	1,684,467	5,816,392	23,491,386
Tax assets					406,698
Total assets					23,898,084
<b>At 30 September 2020</b>					
Operating assets	6,996,540	7,084,729	1,555,064	4,410,537	20,046,870
Associates	82,814	12,617	69,070	1,404,580	1,569,081
Joint ventures	142,784	-	-	136,406	279,190
Segment assets	7,222,138	7,097,346	1,624,134	5,951,523	21,895,141
Tax assets					439,685
Total assets					22,334,826

c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 March 2021</b>					
Segment liabilities	1,529,913	2,788,851	119,851	5,628,998	10,067,613
Tax liabilities					572,412
Total liabilities					10,640,025
<b>At 30 September 2020</b>					
Segment liabilities	1,437,971	2,275,882	123,742	5,364,807	9,202,402
Tax liabilities					511,145
Total liabilities					9,713,547

**A9. Material events subsequent to end of period**

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:

Following the closing of unconditional mandatory take-over offer of Chemical Company of Malaysia Berhad (“CCM”) by the Company, CCM was delisted from the Official List on the Main Market of Bursa Securities on 19 February 2021. On 16 March 2021, BKB had completed the compulsory acquisition of all the remaining 2.88% CCM Shares for a total consideration of RM13,837,184.80. Following this, CCM is now a wholly-owned subsidiary of BKB. The effect of the business combination has been reflected in this report using the latest available financial information of CCM as at 31 December 2020. All the income and expenses prior to this date would be accounted for as pre-acquisition reserve.

#### 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 2020.

#### A12. Capital commitments

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

	<b>At 31 March 2021 RM'000</b>	<b>At 30 September 2020 RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted	290,605	323,620
Approved but not contracted	1,044,794	1,398,149
	<u>1,335,399</u>	<u>1,721,769</u>
<b>Acquisition of shares in sub-subsidiaries</b>		
Approved and contracted	<u>763,080</u>	<u>765,196</u>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	<u>49,929</u>	<u>80,887</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.

	<b>Cumulative Quarter 6 months ended 31 March</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>
a) Transactions with associates and joint ventures:		
Sales of goods	170,512	140,015
Purchase of goods	806,592	624,606
Service charges paid	1,158	1,369
Research and development services paid	<u>7,587</u>	<u>7,093</u>

	<b>Cumulative Quarter</b>	
	<b>6 months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
b) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
<b>Sales of goods</b>		
Chlor-Al Chemical Pte Ltd	1,082	4,632
Siam Taiko Marketing Co Ltd	1,426	735
Taiko Acid Works Sdn Bhd	4,738	2,280
Taiko Marketing (S) Pte Ltd	164	1,277
Taiko Marketing Sdn Bhd	103,754	115,518
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	2,037	2,043
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	1,525	2,670
Bukit Katho Estate Sdn Bhd	3,554	2,553
Kampar Rubber & Tin Co Sdn Bhd	4,026	2,762
Malay Rubber Plantations (M) Sdn Bhd	5,172	2,964
PT Agro Makmur Abadi	55,453	34,138
PT Java Taiko Mineralindo	-	2,322
PT Safari Riau	21,785	16,826
Taiko Acid Works Sdn Bhd	551	256
Taiko Clay Marketing Sdn Bhd	1,321	1,011
Taiko Drum Industries Sdn Bhd	1,813	1,066
Taiko Marketing (S) Pte Ltd	21,631	4,462
Taiko Marketing Sdn Bhd	12,560	15,831
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	1,473	1,117
<b>Fixed cost earned</b>		
Taiko Acid Works Sdn Bhd	1,028	514
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	710	1,094
c) Transactions between subsidiaries and their non-controlling interests:		
<b>Sales of goods</b>		
Agrex Asia Pte Ltd	19,659	-
Mitsubishi Corporation	-	31,582
Mitsui & Co Ltd	125,262	102,114
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	7,627	6,562
PT Eka Dura Indonesia	-	12,364
PT Tanjung Sarana Lestari	856,097	786,277

**B. Explanatory Notes as required by the Bursa Securities' Listing Requirements**

**B1. Detailed analysis of performance**

**2<sup>nd</sup> Quarter FY2021 vs 2<sup>nd</sup> Quarter FY2020**

	<u>Quarter Ended</u>		<b>Changes</b> %
	<u>31 March</u>		
	<u>2021</u>	<u>2020</u>	
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	4,725,944	3,933,221	20.2
Segment results:			
Plantation	285,126	154,685	84.3
Manufacturing	238,831	116,491	105.0
Property development	16,949	4,114	312.0
Investment holding/Others	149,464	(163,586)	191.4
Profit before taxation	690,370	111,704	518.0

The Group's revenue for the current quarter was 20.2% higher at RM4,725.95 million (2Q2020: RM3,933.22 million) while the Group's profit before taxation surged more than six (6) times to RM690.37 million (2Q2020: RM111.70 million) with higher profits from all segments, coupled with unrealised foreign currency exchange translation gain on inter-company loans denominated in foreign currencies and a RM154.60 million surplus from sale of plantation land and government acquisition. Comments on the respective business segments are as follows:

**Plantation's** profit was significantly higher at RM285.13 million (2Q2020: RM154.69 million) with 2.4% higher revenue of RM1,837.65 million (2Q2020: RM1,7925.28 million) from higher CPO and PK selling prices, and higher profits from processing and trading operations coupled with lower foreign exchange translation loss of RM5.73 million (2Q2020: RM32.77 million unrealised loss) from a USD bank borrowings in an Indonesian subsidiary.

**Manufacturing's** profit was doubled to RM238.83 million (2Q2020: RM116.49 million) with 35.4% increase in revenue to RM2,807.47 million (2Q2020: RM2,073.85 million) from higher sales volume. The Oleochemical division's profit jumped more than two-fold to RM199.22 million (2Q2020: RM96.32 million) mainly contributed by Malaysia, China and Europe operations through improved profit margins. Excluding the RM15.53 million gain (2Q2020: Nil) from disposal of equity investment, the Industrial Chemical division recorded 5.8% higher profit at RM21.47 million (2Q2020: RM20.30 million) with a RM6.40 million profit (2Q2020: Nil) contributed by newly acquired subsidiaries, despite overall performance impacted by lower selling prices and sales volume.

**Property Development's** profit improved to RM16.95 million (2Q2020: RM4.11 million) with 145.0% higher revenue of RM41.63 million (2Q2020: RM16.99 million).

**Investment Holdings/Others'** result mainly accounted for unrealised foreign currency exchange translation gain of RM14.14 million (2Q2020: RM168.51 million unrealised loss) on inter-company loans denominated in foreign currencies, a RM154.60 million surplus (2Q2020: RM474,000 surplus) on sales of plantation land and government acquisition, and a RM12.22 million surplus (2Q2020: Nil) on fair value of an ordinary investment which was previously a subsidiary. However, the segment also recognised lower share of profit at RM18.61 million (2Q2020: RM33.39 million) from an overseas associate, Synthomer plc.

**Todate 2<sup>nd</sup> Quarter FY 2020 vs Todate 2<sup>nd</sup> Quarter FY 2019**

	<b>Todate Ended</b>		<b>Changes %</b>
	<b>31 March</b>		
	<b>2021</b>	<b>2020</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	9,162,009	8,139,325	12.6
Segment results:			
Plantation	588,904	324,423	81.5
Manufacturing	386,824	215,450	79.5
Property development	39,137	17,689	121.3
Investment holding/Others	200,455	(152,106)	231.8
Profit before taxation	1,215,320	405,456	199.7

The Group's half year profit before taxation surged more than three (3) times to RM1,215.32 million (Todate 2Q2020: RM405.46 million) with 12.6% higher revenue at RM9,162.01 million (Todate 2Q2020: RM8,139.33 million) with higher profits from all segments, coupled with unrealised foreign currency exchange translation gain on inter-company loans denominated in foreign currencies and a RM154.60 million surplus from sale of plantation land and government acquisition. Comments on the respective business segments are as follows:

**Plantation's** profit was 81.5% higher at RM588.90 million (Todate 2Q2020: RM324.42 million) from stronger CPO and PK selling price, despite 4.3% lower revenue at RM3,647.12 million (Todate 2Q2020: RM3,809.38 million) from lower CPO and PK sales volume. The improvement in profit was also contributed by higher profits from processing and trading operations, and a RM4.59 million foreign currency exchange translation gain (Todate 2Q2020: RM29.13 million unrealised loss) on an Indonesian subsidiary's USD bank loan. However, the increase in Plantation's profit was offset by higher unrealised loss of RM41.72 million (Todate 2Q2020: RM16.04 million unrealised loss) arising from changes in fair value on outstanding derivative

**Manufacturing** reported a 79.5% higher profit of RM386.82 million (Todate 2Q2020: RM215.45 million) with 27.7% higher revenue at RM5,238.38 million (Todate 2Q2020: RM4,102.33 million). The Oleochemical division registered a 89.0% higher profit of RM328.44 million (Todate 2Q2020: RM173.74 million) contributed by higher profits from Malaysia, China and Europe operations, and accounted for a RM10.03 million unrealised loss (Todate 2Q2020: RM21.20 million unrealised loss) arising from changes in fair value on outstanding derivatives contracts. Excluding the RM15.53 million gain (Todate 2Q2020: Nil) from disposal of equity investment, the Industrial Chemical division recorded a 12.7% lower profit of RM35.27 million (Todate 2Q2020: RM40.40 million) impacted by lower selling prices and sales volume, while a RM6.40 million profit (Todate 2Q2020: Nil) contributed by newly acquired subsidiaries.

**Property Development** improved more than two (2) times in profit to RM39.14 million (Todate 2Q2020: RM17.69 million) with 37.4% higher revenue of RM95.06 million (Todate 2Q2020: RM69.21 million) recognised from Bandar Seri Coalfields development.

**Investment holdings/Others' results** accounted for RM65.14 million unrealised foreign currency exchange translation gain (Todate 2Q2020: RM142.45 million unrealised loss) on inter-company loans denominated in foreign currencies, a RM154.60 million surplus (Todate 2Q2020: RM774,000) arising from sale of plantation land and government acquisition, better profit from Farming sector of RM44.08 million (Todate 2Q2020: RM1.19 million profit) and a RM12.22 million surplus (Todate 2Q2021: Nil) on fair value of an ordinary investment which was previously a subsidiary. However, the segment also recognised lower share of profit at RM18.61 million (Todate 2Q2020: RM33.39 million) from an overseas associate, Synthomer plc.



**B2. Comparison of current quarter's results to the preceding quarter**  
**2<sup>nd</sup> Quarter FY2021 vs 1<sup>st</sup> Quarter FY2021**

	<b>Quarter Ended</b>		<b>Changes</b>
	<b>31</b>	<b>31</b>	
	<b>March</b>	<b>December</b>	
	<b>2021</b>	<b>2020</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	4,725,944	4,436,065	6.5
Segment results:			
Plantation	285,126	303,778	(6.1)
Manufacturing	238,831	147,993	61.4
Property development	16,949	22,188	(23.6)
Investment holding/Others	149,464	50,991	193.1
Profit before taxation	690,370	524,950	31.5

For the current quarter, the Group's profit before taxation was 31.5% higher at RM690.37 million as compared to RM524.95 million reported in the preceding quarter with a 6.5% higher revenue at RM4,725.94 million (1Q2021: RM4,436.07 million) with a RM154.60 million surplus from sale of plantation land and government acquisition. Comments on the respective business segments are as follows:

**Plantation** recorded 6.1% lower profit of RM285.13 million (1Q2021: RM303.78 million) due to higher CPO production cost caused by drop in FFB production, coupled with lower profits from processing and trading operations and there was a RM5.73 million unrealised foreign currency exchange translation loss (1Q2021: RM10.32 million unrealised gain) on an Indonesian subsidiary's USD loan, despite 1.6% higher revenue at RM1,837.65 million (1Q2021: RM1,809.47 million) from stronger CPO and PK prices.

**Manufacturing's** profit was 61.4% higher at RM238.83 million (1Q2021: RM147.99 million) with a 15.5% higher revenue of RM2,807.47 million (1Q2021: RM2,430.92 million). The Oleochemical division recorded a 54.2% higher profit of RM199.22 million (1Q2021: RM129.22 million) mainly contributed by higher profit from Europe operations despite a RM22.56 million unrealised loss (1Q2021: RM12.56 million unrealised gain) arising from fair value changes on outstanding derivative contracts. The Industrial Chemical division posted a three (3) times higher profit at RM37.00 million (1Q2021: RM13.80 million) contributed by a gain on disposal of equity investment amounted to RM15.53 million (1Q2021: Nil) and RM6.40 million (1Q2021: Nil) profit from newly acquired subsidiaries.

**Property Development** recorded a 23.6% lower profit at RM16.95 million (1Q2021: RM22.19 million) with 22.1% lower revenue of RM41.63 million (1Q2021: RM58.43 million).

**Investment Holdings/Others'** result mainly accounted for unrealised foreign currency exchange translation gain of RM14.14 million (1Q2021: RM51.06 million unrealised gain) on inter-company loans denominated in foreign currencies and an equity profit of RM18.61 million (1Q2021: Nil) from an overseas associate, Synthomer plc. The current quarter further recognised a RM154.60 million surplus (1Q2021: RM133,000) arising from sale of plantation land and government acquisition and a RM12.22 million surplus (1Q2021: Nil) on fair value of an ordinary investment which was previously a subsidiary, while offset by Farming sector loss of RM3.06 million (1Q2021: RM47.14 million profit).

**B3. Current year's prospects**

In view of current buoyant CPO prices due to tight palm oil inventories and global edible oil supplies, the Group's Plantation segment profit will be higher in the financial year 2021.

Despite a challenging year, the Group's Oleochemical division's performance should exceed that of the previous year, while the Group's Industrial Chemical division's operating performance has been impacted by lower caustic soda selling prices.

On balance, the Group's profit will be significantly higher in the financial year 2021.

**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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expenses				
Malaysian taxation	31,765	29,034	62,412	57,827
Overseas taxation	60,557	32,077	129,234	74,026
	<u>92,322</u>	<u>61,111</u>	<u>191,646</u>	<u>131,853</u>
Under/(Over) provision of taxation in respect of previous years				
Malaysian taxation	-	(3,916)	(309)	(3,916)
Overseas taxation	6,150	(4,083)	7,084	(2,937)
	<u>6,150</u>	<u>(7,999)</u>	<u>6,775</u>	<u>(6,853)</u>
Deferred tax				
Origination and reversal of temporary differences	18,771	(4,960)	10,429	(9,173)
Relating to changes in tax rates	20,765	38,593	20,765	38,593
(Over)/Under provision in respect of previous years	(271)	(2,190)	632	6,500
	<u>39,265</u>	<u>31,443</u>	<u>31,826</u>	<u>35,920</u>
	<u>137,737</u>	<u>84,555</u>	<u>230,247</u>	<u>160,920</u>

**Reconciliation of effective taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	690,370	111,704	1,215,320	405,456
Taxation at Malaysia income tax rate of 24% (FY2020: 24%)	165,689	26,809	291,677	97,309
Effect of different tax rates in foreign jurisdiction	(4,793)	(4,353)	(16,671)	(8,671)
Withholding tax on foreign dividend and interest income	3,392	5,861	6,890	11,665
Expenses not deductible for tax purposes	15,238	56,620	29,295	79,556
Tax exempt and non-taxable income	(55,114)	(18,587)	(74,715)	(42,069)
Effect of reduction in income tax rate	959	-	959	-
Tax incentives	(1,489)	(848)	(2,455)	(1,702)
Deferred tax assets/(liabilities) not recognised during the period	473	(876)	469	133
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(6,003)	(2,764)	(23,833)	(7,646)
Tax effect on associates' and joint ventures' results	(6,812)	(6,451)	(10,368)	(8,082)
Recognition of deferred tax assets not taken up previously	(14)	-	(14)	-
Recognition of unabsorbed reinvestment allowance		-		-
Under/(Over) provision of previous years tax expenses	6,150	(7,999)	6,775	(6,853)
(Over)/Under provision of previous years deferred tax	(271)	(2,190)	632	6,500
Effect of changes in tax rates on deferred tax	20,765	38,593	20,765	38,593
Others	(433)	740	841	2,187
<b>Tax expense</b>	<b>137,737</b>	<b>84,555</b>	<b>230,247</b>	<b>160,920</b>

Effect of changes in tax rates on deferred tax of RM20.77 million (FY2020: RM 38.59 million) resulted from the reversal of deferred tax assets after taking into account the reduction of Indonesian corporate tax rate from 22% to 20% (FY2020: 25% to 22%). These deferred tax assets were largely derived from revaluation of bearer plants in financial year 2016.

**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 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	
	-	-	AUD	6,800	21,423	AUD	6,800	21,423	
	-	-	GBP	33,000	188,592	GBP	33,000	188,592	
	-	-			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
	-	-			119,545			187,931	
Bankers' acceptance	-	-			123,446			123,446	
Islamic medium term notes	-	5,100,000	-	-	-	-	-	5,100,000	
<b>Total</b>									
	-	5,612,978	-	1,999,390	-	7,612,368			

	At 31 March 2020								
	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	5,440	25,916	Euro	1,242	5,917	Euro	6,682	31,833
Bankers' acceptance	-	-			3,923			3,923	
<u>Unsecured</u>									
Bank overdraft	-	-	Euro	24,411	116,292	Euro	24,411	116,292	
Revolving credit	-	-	Euro	5,000	23,820	Euro	5,000	23,820	
	-	-	Rp	70,165,943	18,594	Rp	70,165,943	18,594	
	-	-	Rmb	50,000	30,490	Rmb	50,000	30,490	
	-	-	GBP	56,000	300,350	GBP	56,000	300,350	
Trade financing	-	-	USD	75,986	328,106	USD	75,986	328,106	
	-	-	Rmb	19,826	12,090	Rmb	19,826	12,090	
	-	-			318,289			318,289	
Term loans	USD	75,000	324,717			USD	75,000	324,717	
	Euro	40,000	190,497	Euro	34,500	164,312	Euro	74,500	354,809
Export credit refinancing	-	-			572			572	
Bankers' acceptance	-	-			172,947			172,947	
Islamic medium term notes	-	5,100,000	-	-	-	-	-	5,100,000	
<b>Total</b>									
	-	5,641,130	-	1,495,702	-	7,136,832			

Exchange Rates Applied	At 31 March	
	2021	2020
USD / RM	4.1465	4.3180
Euro / RM	4.8639	4.7640
Rp1,000/RM	0.2855	0.2650
RMB/RM	0.6328	0.6098
GBP/RM	5.7149	5.3634
AUD/RM	3.1505	2.6500

**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 2021, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	<b>Contract / Notional value Net long/(short) RM'000</b>	<b>Fair value Net gains/(losses) RM'000</b>
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,311,510)	(20,391)
- 1 year to 3 years	-	-
- More than 3 years	-	-
	<hr/>	<hr/>
b) Commodity futures contracts:		
- Less than 1 year	(84,229)	(31,626)
- 1 year to 3 years	-	-
- More than 3 years	-	-
	<hr/>	<hr/>

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 current quarter ended 31 March 2021, 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 2021 (2020: 15 sen) and will be paid to the shareholders on 5 August 2021. The entitlement date for the dividend shall be 12 July 2021.
- b) 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 8 July 2021 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 2021 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 (2020: 15 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net profit for the period attributable to equity holders of the Company (RM'000)	261,081	16,020	452,432	119,452
Weighted average number of shares ('000)	396,656	393,915	396,656	393,915
Earnings per share (sen)	65.8	4.1	114.1	30.3

**B13. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2020 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(13,513)	(32,627)	(29,728)	(68,688)
Dividend income	(10,906)	(7,343)	(20,733)	(14,478)
Other income	(251,488)	(11,429)	(416,664)	(116,782)
Interest expense	65,513	66,843	128,811	135,414
Depreciation and amortisation	172,201	159,861	332,642	323,050
(Write back)/Provision for and write off of receivables	(3,550)	2,925	(1,968)	2,900
Provision for/(Write back) and write-off of inventories	3,390	16,656	(2,190)	19,277
(Surplus)/Loss on disposal of quoted or unquoted investment	(15,533)	(10)	(15,512)	(29)
Surplus on disposal of shares in associate	(12,224)	-	(12,224)	-
Surplus on disposal of land	(149,501)	(474)	(149,795)	(778)
Surplus arising from government acquisition of land	(5,148)	-	(4,987)	-
Write-off of prepaid lease payment	(3)	-	(3)	-
Foreign exchange (gain)/loss	(46,465)	171,472	(123,329)	144,157
Loss/(Gain) on derivatives	340	28,596	(12,817)	68,257
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG  
YAP MIOW KIEN  
CHIEW CINDY  
Company Secretaries

19 May 2021