

# **BATU KAWAN BERHAD**

196501000504 (6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
for the Third Quarter ended 30 June 2022**

Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2022.

## Condensed Consolidated Statement of Profit or Loss For the Third Quarter ended 30 June 2022

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	9 months ended		+ / (-)
	30 June			30 June		
	2022	2021	%	2022	2021	%
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	7,249,852	5,399,313	34.3	21,005,316	14,561,322	44.3
Operating expenses	(6,426,461)	(4,765,347)	34.9	(18,477,233)	(13,040,960)	41.7
Other operating income	86,623	402,734	(78.5)	369,940	813,027	(54.5)
Finance costs	(108,317)	(66,561)	62.7	(280,840)	(195,372)	43.7
Net reversals of impairment/(impairment losses) on financial assets	740	(5,097)	N/M	24,843	(1,842)	N/M
Share of results of associates	2,280	3,487	(34.6)	33,339	35,303	(5.6)
Share of results of joint ventures	2,796	10,543	(73.5)	13,911	22,914	(39.3)
<b>Profit before taxation</b>	<b>807,513</b>	<b>979,072</b>	<b>(17.5)</b>	<b>2,689,276</b>	<b>2,194,392</b>	<b>22.6</b>
Income tax expense	(158,032)	(132,901)	18.9	(645,360)	(363,148)	77.7
<b>NET PROFIT FOR THE PERIOD</b>	<b>649,481</b>	<b>846,171</b>	<b>(23.2)</b>	<b>2,043,916</b>	<b>1,831,244</b>	<b>11.6</b>
Profit attributable to:						
Equity holders of the Company	304,296	386,465	(21.3)	951,561	838,897	13.4
Non-controlling interests	345,185	459,706	(24.9)	1,092,355	992,347	10.1
	649,481	846,171	(23.2)	2,043,916	1,831,244	11.6
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	77.2	97.5		241.5	211.7	
Diluted	N/A	N/A		N/A	N/A	

N/M - Not meaningful

N/A - Not applicable

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

## Condensed Consolidated Statement of Other Comprehensive Income For the Third Quarter ended 30 June 2022

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>649,481</b>	<b>846,171</b>	<b>2,043,916</b>	<b>1,831,244</b>
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	36,995	38,650	13,508	155,795
Share of other comprehensive (loss)/income in associates	(654)	(237)	22,485	(51,793)
	<u>36,341</u>	<u>38,413</u>	<u>35,993</u>	<u>104,002</u>
<b>Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	(118,480)	9,444	73,886	97,118
Share of other comprehensive income in associates	-	-	19,544	16,545
	<u>(118,480)</u>	<u>9,444</u>	<u>93,430</u>	<u>113,663</u>
<b>Total other comprehensive (loss)/ income for the period</b>	<b>(82,139)</b>	<b>47,857</b>	<b>129,423</b>	<b>217,665</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>567,342</b>	<b>894,028</b>	<b>2,173,339</b>	<b>2,048,909</b>
Total comprehensive income attributable to:				
Equity holders of the Company	266,112	409,630	1,025,913	955,295
Non-controlling interests	301,230	484,398	1,147,426	1,093,614
	<u>567,342</u>	<u>894,028</u>	<u>2,173,339</u>	<u>2,048,909</u>

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 30 June 2022**

(The figures have not been audited.)

	<b>At 30 June 2022</b>	<b>At 30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	12,340,250	11,520,015
Right-of-use assets	1,427,670	1,381,622
Investment property	6,884	7,170
Inventories	1,990,652	2,035,257
Goodwill on consolidation	442,131	437,357
Intangible assets	107,275	129,906
Investments in associates	1,939,559	1,795,476
Investments in joint ventures	374,092	343,423
Other investments	845,925	803,190
Other receivable	398,809	446,418
Deferred tax assets	366,464	350,777
	<b>20,239,711</b>	<b>19,250,611</b>
<b>Current assets</b>		
Inventories	4,392,114	3,080,319
Biological assets	203,666	212,989
Trade and other receivables	3,662,801	3,332,046
Contract assets	61,931	7,448
Tax recoverable	51,165	40,497
Derivative financial assets	320,758	162,486
Other investments	-	121,048
Short term funds	421,321	253,444
Cash and cash equivalents	3,564,497	3,408,179
	<b>12,678,253</b>	<b>10,618,456</b>
<b>TOTAL ASSETS</b>	<b>32,917,964</b>	<b>29,869,067</b>

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 30 June 2022

(The figures have not been audited.)

	<b>At 30 June 2022</b>	<b>At 30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	2,263,114	2,850,424
Contract liabilities	152,354	121,098
Deferred income	8,633	8,598
Lease liabilities	28,663	29,443
Borrowings	3,927,915	3,407,619
Tax payable	205,191	223,082
Derivative financial liabilities	373,329	238,167
Dividend payable	191,420	-
	<b>7,150,619</b>	<b>6,878,431</b>
<b>Net current assets</b>	<b>5,527,634</b>	<b>3,740,025</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,144,754	1,016,689
Lease liabilities	123,278	134,081
Deferred income	92,333	98,465
Provision for retirement benefits	576,153	572,717
Borrowings	7,688,847	6,217,293
	<b>9,625,365</b>	<b>8,039,245</b>
<b>Total liabilities</b>	<b>16,775,984</b>	<b>14,917,676</b>
<b>Net assets</b>	<b>16,141,980</b>	<b>14,951,391</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	507,587	507,587
Treasury shares	(109,400)	(83,334)
Reserves	6,897,250	5,906,031
	<b>7,295,437</b>	<b>6,330,284</b>
Non-controlling interests	8,846,543	8,621,107
<b>Total equity</b>	<b>16,141,980</b>	<b>14,951,391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,917,964</b>	<b>29,869,067</b>
Net assets per share attributable to equity holders of the Company (RM)	18.54	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 Third Quarter ended 30 June 2022

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
<b>At 1 October 2021</b>	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	-	-	41,743	19,437	(13,182)	-	977,915	1,025,913	1,147,426	2,173,339
Transactions with owners:										
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	5	-	385,831	(14,323)	371,513	(449,334)	(77,821)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Effect of changes in shareholdings in subsidiaries	-	-	(193)	(1,108)	(108)	-	(31,547)	(32,956)	(45,855)	(78,811)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Expiry of unconditional mandatory takeover offer on acquisition of a subsidiary	-	-	-	-	-	60,149	-	60,149	65,866	126,015
Surplus on capital reduction	-	-	(2,243)	-	-	-	2,243	-	-	-
Shares buy back	-	(26,066)	-	-	-	-	-	(26,066)	-	(26,066)
Employees' share grant scheme	-	-	-	-	-	-	-	-	5,859	5,859
Dividend paid - FY2021 final	-	-	-	-	-	-	(354,688)	(354,688)	-	(354,688)
Dividend payable - FY2022 interim	-	-	-	-	-	-	(78,712)	(78,712)	-	(78,712)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(592,617)	(592,617)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(112,708)	(112,708)
	-	(26,066)	(2,436)	(1,103)	(108)	445,980	(477,027)	(60,760)	(921,990)	(982,750)
<b>At 30 June 2022</b>	507,587	(109,400)	925,859	56,993	602,481	2,825	5,309,092	7,295,437	8,846,543	16,141,980

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 Third Quarter ended 30 June 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
<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 period	-	-	1,407	52,317	59,981	841,590	955,295	1,093,614	2,048,909
Transactions with owners:									
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	18,202	18,202
Effect of deemed acquisition of shares in a subsidiary	-	-	-	-	-	(117,854)	(117,854)	(3,143)	(120,997)
Effect of deemed disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-
Effect of changes in shareholdings in subsidiaries	-	-	1,174	76	595	49	1,894	(20,851)	(18,957)
Effect of changes in shareholdings in an associate	-	-	-	1	-	(1)	-	-	-
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	370,300	370,300
Redemption of redeemable preference shares	-	-	13,205	-	-	(13,205)	-	-	-
Shares buy back	-	(48,219)	-	-	-	-	(48,219)	(323)	(48,542)
Employees' share grant scheme	-	526	-	-	-	-	526	1,866	2,392
Dividend paid - FY2020 final	-	-	-	-	-	(158,428)	(158,428)	-	(158,428)
Dividend payable - FY2021 Interim	-	-	-	-	-	(79,072)	(79,072)	-	(79,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(265,952)	(265,952)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(113,713)	(113,713)
	-	(47,693)	14,379	77	595	(368,511)	(401,153)	(13,614)	(414,767)
<b>At 30 June 2021</b>	507,587	(71,650)	787,203	26,951	585,643	4,595,338	6,431,072	7,824,349	14,255,421

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 30 June 2022

(The figures have not been audited.)

	<b>9 months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	2,689,276	2,194,392
Adjustments for:		
Non-cash items	938,456	(54,697)
Non-operating items	196,622	111,486
Operating cash flows before changes in working capital	<u>3,824,354</u>	<u>2,251,181</u>
Changes in working capital		
Net change in current assets	(1,699,094)	(994,338)
Net change in current liabilities	285,695	208,177
Cash flows generated from operations	<u>2,410,955</u>	<u>1,465,020</u>
Interest received	5,803	3,835
Interest paid	(209,966)	(163,135)
Tax paid	(697,180)	(189,875)
Retirement benefits paid	(38,669)	(25,413)
<b>Net cash flows generated from operating activities</b>	<b><u>1,470,943</u></b>	<b><u>1,090,432</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(904,313)	(656,695)
Purchase of right-of-use assets	(11,905)	(3,395)
Property development expenditure	(7,750)	(9,247)
Addition to investment property	-	(26)
Purchase of shares in subsidiaries, net of cash	(303,834)	(608,176)
Purchase of additional shares in a subsidiary	(75,269)	-
Subscription and purchase of shares in an associate	(305,956)	(40,502)
Subscription of shares in joint ventures	(23,296)	(11,021)
Purchase of shares from non-controlling interests	(886,854)	-
Purchase of other investments	(26,446)	(376,318)
Purchase of intangible assets	(625)	(810)
Proceeds from disposal of property, plant and equipment	9,198	5,215
Compensation from government on land acquired	4,123	8,349
Proceed from disposal of land	-	149,401
Proceeds from disposal of other investments	67,894	516,481
Repayment from associates	-	22,992
Advance to joint ventures	(12,540)	(9,960)
Advances to investee companies	(28,706)	(3,098)
(Increase)/Decrease in short term funds	(159,245)	573,324
Decrease/(Increase) in other receivables	67,395	(15,356)
Dividends received	118,777	91,986
Repayment of capital to non-controlling interest	-	(3,144)
Interest received	27,646	38,755
Withdrawal of other investment	121,048	-
<b>Net cash flows used in investing activities</b>	<b><u>(2,330,658)</u></b>	<b><u>(331,245)</u></b>

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 30 June 2022

(The figures have not been audited.)

	9 months ended 30 June	
	2022	2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Issuance of Islamic Medium Term Notes	2,500,000	-
Drawdown of term loans	813,383	303,745
Repayment of term loans	(993,552)	(253,298)
Lease payments	(21,687)	(29,536)
Net (repayment)/drawdown of short term borrowings	(394,686)	543,910
Dividends paid to shareholders of the Company	(354,688)	(158,428)
Dividends paid to non-controlling interests	(592,617)	(265,952)
Shares buy back	(26,066)	(48,542)
Redemption of redeemable preference shares from non-controlling interests	(6,400)	-
Issuance of shares to non-controlling interests	10	18,202
<b>Net cash flows generated from financing activities</b>	<b>923,697</b>	<b>110,101</b>
<b>Net increase in cash and cash equivalents</b>	63,982	869,288
Effects of exchange rate changes	25,736	7,882
Cash and cash equivalents at 1 October	3,284,946	3,110,551
<b>Cash and cash equivalents at 30 June</b>	<b>3,374,664</b>	<b>3,987,721</b>
Cash and cash equivalents at 30 June is represented by:		
Deposits with licensed banks	1,662,568	1,136,506
Unit trust funds	522,636	1,629,828
Cash and bank balances	1,379,293	1,345,704
Bank overdrafts	(189,833)	(124,317)
	<b>3,374,664</b>	<b>3,987,721</b>

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 1,070,000 shares in the Company from the open market. The average price paid for the shares repurchased was RM24.31 per share and the total consideration paid, including transaction costs, was RM26,065,902. The shares bought back were financed by internally generated funds and held as treasury shares.

## A7. Dividends paid

	9 months ended 30 June	
	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
	<u>354,688</u>	<u>158,428</u>

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
<b>9 months ended 30 June 2022</b>						
Revenue						
External revenue	3,234,321	17,378,851	146,427	245,717	-	21,005,316
Inter-segment revenue	1,326,742	36,028	-	1,224,666	(2,587,436)	-
Total revenue	<u>4,561,063</u>	<u>17,414,879</u>	<u>146,427</u>	<u>1,470,383</u>	<u>(2,587,436)</u>	<u>21,005,316</u>
Results						
Operating results	1,668,540	1,112,621	51,377	118,674	(28,346)	2,922,866
Finance costs	(12,162)	(55,671)	(458)	(240,895)	28,346	(280,840)
Share of results of associates	4,897	14,164	1,734	12,544	-	33,339
Share of results of joint ventures	-	6,654	-	7,257	-	13,911
Segment results	<u>1,661,275</u>	<u>1,077,768</u>	<u>52,653</u>	<u>(102,420)</u>	<u>-</u>	<u>2,689,276</u>
Profit before taxation						<u>2,689,276</u>

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended</b>						
<b>30 June 2021</b>						
Revenue						
External revenue	1,895,571	12,312,882	128,424	224,445	-	14,561,322
Inter-segment revenue	483,087	5,077	-	724,183	(1,212,347)	-
Total revenue	2,378,658	12,317,959	128,424	948,628	(1,212,347)	14,561,322
Results						
Operating results	929,345	742,704	48,726	631,461	(20,689)	2,331,547
Finance costs	(4,813)	(38,941)	(1)	(172,306)	20,689	(195,372)
Share of results of associates	776	6,132	5,912	22,483	-	35,303
Share of results of joint ventures	-	16,151	-	6,763	-	22,914
Segment results	925,308	726,046	54,637	488,401	-	2,194,392
Profit before taxation						2,194,392

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 30 June 2022</b>					
Operating assets	11,733,085	11,876,748	2,545,105	4,031,746	30,186,684
Associates	30,816	87,565	9,923	1,811,255	1,939,559
Joint ventures	-	169,855	-	204,237	374,092
Segment assets	11,763,901	12,134,168	2,555,028	6,047,238	32,500,335
Tax assets					417,629
Total assets					32,917,964
<b>At 30 September 2021</b>					
Operating assets	11,210,178	9,811,601	2,664,029	3,653,086	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	11,242,098	10,076,127	2,681,718	5,477,850	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
<b>At 30 June 2022</b>					
Segment liabilities	1,633,479	4,477,912	180,860	8,942,368	15,234,619
Tax liabilities					1,349,945
Dividend payable					191,420
Total liabilities					16,775,984
<b>At 30 September 2021</b>					
Segment liabilities	2,794,206	4,017,377	149,627	6,716,695	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 9-month period ended 30 June 2022, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLKB"), further acquired 260,978,421 ordinary shares in KLK Sawit Nusantara Berhad ("KLKSN"), formerly known as IJM Plantations Berhad, representing 29.63% equity interest in KLKSN. Accordingly, KLKB holds a total of 839,930,440 KLKSN shares, representing 95.38% equity interest in KLKSN as at 30 June 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:

	<b>At 30 June 2022</b>	<b>At 30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted	456,156	393,409
Approved but not contracted	1,517,958	1,582,515
	<u>1,974,114</u>	<u>1,975,924</u>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	90,864	83,723

**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>9 months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Transactions with associates and joint ventures:		
Sales of goods	522,078	263,978
Purchase of goods	1,554,389	1,208,262
Service charges paid	1,038	1,486
Research and development services paid	10,468	10,793

	<b>9 months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</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	11,160	1,874
Siam Taiko Marketing Co Ltd	3,393	2,290
Taiko Acid Works Sdn Bhd	8,307	6,982
Taiko Marketing (S) Pte Ltd	1,929	1,083
Taiko Marketing Sdn Bhd	241,217	166,600
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	3,413	3,045
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	2,803	2,400
Bukit Katho Estate Sdn Bhd	9,178	5,644
Kampar Rubber & Tin Co Sdn Bhd	12,095	6,508
Kekal & Deras Sdn Bhd	3,162	2,111
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	3,488	1,715
Malay Rubber Plantations (M) Sdn Bhd	14,792	9,152
PT Agro Makmur Abadi	92,080	79,855
PT Bumi Karyatama Raharja	-	2,271
PT Java Taiko Mineralindo	2,372	-
PT Safari Riau	43,164	33,004
Taiko Acid Works Sdn Bhd	691	895
Taiko Clay Marketing Sdn Bhd	2,858	2,233
Taiko Drum Industries Sdn Bhd	2,718	2,315
Taiko Marketing (S) Pte Ltd	21,653	26,109
Taiko Marketing Sdn Bhd	46,059	19,806
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	2,455	2,197
<b>Fixed cost earned</b>		
Taiko Acid Works Sdn Bhd	21	1,542
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	1,385	1,025
<b>IT services</b>		
E-Komoditi Sdn Bhd	-	688
	<b>1,119,884</b>	<b>1,328,400</b>
c) Transactions between subsidiaries and their non-controlling interests:		
<b>Sales of goods</b>		
Agrex Asia Pte Ltd	-	45,685
Mitsui & Co Ltd	339,778	204,250
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	10,738	9,557
PT Tanjung Sarana Lestari	1,119,884	1,328,400
	<b>1,119,884</b>	<b>1,328,400</b>

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

**B1. Detailed analysis of performance**

**3<sup>rd</sup> Quarter FY2022 vs 3<sup>rd</sup> Quarter FY2021**

	<u>Quarter Ended</u>		<b>Changes %</b>
	<u>30 June</u>		
	<u>2022</u>	<u>2021</u>	
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	7,249,852	5,399,313	34.3
Segment results:			
Plantation	602,338	408,402	47.5
Manufacturing	266,829	267,224	(0.1)
Property development	17,637	15,500	13.8
Investment holding/Others	(79,291)	287,946	(127.5)
Profit before taxation	<u>807,513</u>	<u>979,072</u>	(17.5)

The Group's profit before taxation for the current quarter was 17.5% lower at RM807.51 million (3Q2021: RM979.07 million) mainly due to the following non-operational gains which were accounted in previous year's pre-tax profit of a sub-subsidiary under Investment Holding/Others segment:

- Fair value surplus of RM324.26 million on deemed disposal of an associate, Aura Muhibah Sdn Bhd ("Aura Muhibah"); and
- Negative goodwill amounted to RM2.94 million arising from acquisition of Aura Muhibah.

Excluding the above non-operational items, the Group's third quarter profit before tax would have been 23.88% higher at RM807.51 million (3Q2021: RM651.87 million) supported by 34.3% higher revenue at RM7,249.85 million (3Q2021: RM5,399.31 million). Comments on the respective business segments are as follows:

**Plantation's** profit was 47.5% higher at RM602.34 million (3Q2021: RM408.40 million) with 41.7% higher revenue of RM1,030.13 million (3Q2021: RM726.91 million) from higher CPO and PK selling prices, coupled with profit contributions from newly acquired subsidiaries and higher unrealised gain of RM86.75 million (3Q2021: RM18.72 million unrealised gain) from fair value changes on outstanding derivative contracts. The profit was partially offset by higher CPO production cost and unrealised loss of RM58.25 million (3Q2021: RM3.40 million unrealised loss) on valuation of unharvested fresh fruit bunches.

**Manufacturing's** profit was marginally lower at RM266.83 million (3Q2021: RM267.22 million) despite a 33.1% higher revenue at RM6,117.65 million (3Q2021: RM4,596.04 million). Higher profit contribution from Oleochemical division was partially offset by losses from refineries and kernel crushing operations, coupled with higher unrealised loss of RM33.70 million (3Q2021: RM5.40 million unrealised loss) from fair value changes on outstanding derivative contracts. Industrial Chemical division's profit surged more than 2 times at RM58.10 million (3Q2021: RM26.40 million) from higher selling prices and sales volume of caustic soda.

**Property Development's** profit increased 13.8% to RM17.64 million (3Q2021: RM15.50 million) with 60.4% higher revenue of RM53.51 million (3Q2021: RM33.36 million).

**Investment Holdings/Others'** result had accounted for higher interest expenses attributable to an increase in borrowings. In previous year, the pre-tax profit accounted for non-operational items as abovementioned.

**Todate 3<sup>rd</sup> Quarter FY2022 vs Totdate 3<sup>rd</sup> Quarter FY2021**

	<b>Todate Ended</b>		<b>Changes %</b>
	<b>30 June</b>		
	<b>2022</b>	<b>2021</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	21,005,316	14,561,322	44.3
Segment results:			
Plantation	1,661,275	925,308	79.5
Manufacturing	1,077,768	726,046	48.4
Property development	52,653	54,637	(3.6)
Investment holding/Others	(102,420)	488,401	121.0
Profit before taxation	2,689,276	2,194,392	22.6

The Group's 9-month profit before taxation recorded a 22.6% higher profit at RM2,689.28 million (Todate 3Q2021: RM2,194.39 million) on 44.3% higher revenue at RM21,005.32 million (Todate 3Q2021: RM14,561.32 million).

Previous year's pre-tax profit had accounted for the following non-operational gains:

- Fair value surplus of RM324.26 million on deemed disposal of an associate, Aura Muhibah;
- Surplus of RM158.38 million on sales of land and government acquisitions;
- Unrealised foreign currency exchange translation gain of RM65.52 million on inter-company loans denominated in foreign currencies;
- Fair value surplus of RM12.22 million of an ordinary investment which was previously an associate; and
- Negative goodwill amounted to RM2.94 million arising from acquisition of Aura Muhibah.

Excluding the above non-operational items, the Group's profit before tax would have been 64.88% higher at RM2,689.28 million (Todate 3Q2021: RM1,631.05 million) supported by 44.3% higher revenue at RM21,005.32 million (Todate 3Q2021: RM14,561.32 million). Comments on the respective business segments are as follows:

**Plantation's** profit surged 79.5% to RM1,661.28 million (Todate 3Q2021: RM925.31 million) with 70.6% higher revenue at RM3,234.32 million (Todate 3Q2022: RM1,895.57 million) from stronger CPO and PK selling prices and profit contributions from newly acquired subsidiaries. However, the increase in Plantation's profit was offset by higher CPO production cost, unrealised loss of RM26.86 million (Todate 3Q2021: RM12.16 million unrealised gain) arising from fair value changes on outstanding derivative contracts and fair value loss of RM7.38 million (Todate 3Q2021: RM11.57 million gain) on valuation of unharvested fresh fruit bunches.

**Manufacturing** reported a 48.4% higher profit of RM1,077.77 million (Todate 3Q2021: RM726.05 million) on 41.1% higher revenue at RM17,378.85 million (Todate 3Q2021: RM12,312.88 million) attributable to higher contributions from Oleochemical division which more than offset the drop in the profit of refineries and kernel crushing operations, coupled with lower unrealised loss of RM28.90 million (Todate 3Q2021: RM50.80 million unrealised loss) from fair value changes on outstanding derivative contracts. Industrial Chemical division's profit jumped more than 2-fold to RM171.40 million (Todate 3Q2021: RM77.20 million) from higher average selling prices of caustic soda in line with global prices.

**Property Development's** profit dipped 3.6% to RM52.65 million (Todate 3Q2021: RM54.64 million) despite 14.0% higher revenue of RM146.43 million (Todate 3Q2021: RM128.42 million) due to lower equity profit from a major subsidiary's associate, Kumpulan Sierramas Sdn Bhd.

**Investment Holdings/Others'** result had accounted for higher interest expenses attributable to an increase in borrowings. In previous year, the pre-tax profit accounted for non-operational items as abovementioned.



**B2. Comparison of current quarter's results to the preceding quarter**  
**3<sup>rd</sup> Quarter FY2022 vs 2<sup>nd</sup> Quarter FY2022**

	<b>Quarter Ended</b>		<b>Changes %</b>
	<b>31 June 2022 RM'000</b>	<b>31 March 2022 RM'000</b>	
Revenue	7,249,852	6,654,578	8.9
Segment results:			
Plantation	602,338	435,354	38.4
Manufacturing	266,829	437,690	(39.0)
Property development	17,637	16,190	8.9
Investment holding/Others	(79,291)	(28,451)	178.7
Profit before taxation	807,513	860,783	(6.2)

For the current quarter, the Group's profit before taxation fell 6.2% to RM807.51 million as compared to RM860.78 million reported in the preceding quarter, despite a 8.9% higher revenue at RM7,249.85 million (2Q2022: RM6,654.58 million). Comments on the respective business segments are as follows:

**Plantation** recorded a 38.4% higher profit of RM602.34 million (2Q2022: RM435.35 million) from higher CPO selling price and unrealised gain of RM86.75 million (2Q2022: RM84.89 million unrealised loss) from fair value changes on outstanding derivative contracts. However, the increase in profit was partially offset by fair value loss amounted to RM58.25 million (2Q2022: RM33.19 million unrealised gain) on valuation of unharvested fresh fruit bunches.

**Manufacturing's** profit dropped 39.0% to RM266.83 million (2Q2022: RM437.69 million) despite 10.7% higher revenue of RM6,117.65 million (2Q2022: RM5,525.20 million) from loss suffered by refineries and kernel crushing operations. Industrial Chemical division's profit dropped marginally to RM58.10 million (2Q2022: RM60.00 million) from lower production output and correspondingly higher production cost, despite a 8.7% increase in revenue to RM253.70 million (2Q2022: RM233.40 million).

**Property Development** recorded a 8.9% higher profit at RM17.64 million (2Q2022: RM16.19 million) from 45.0% higher revenue of RM53.51 million (2Q2022: RM36.90 million).

**Investment Holdings/Others'** result mainly accounted for unrealised foreign currency exchange translation loss of RM10.15 million (2Q2022: RM12.99 million unrealised gain) on inter-company loans denominated in foreign currencies and high interest expenses arising from an increase in borrowings. Previous quarter had recognised an equity profit of RM10.13 million from a major subsidiary's overseas associate, Synthomer plc.

**B3. Current year's prospects**

Notwithstanding recent decline in CPO prices from historical highs, the Group's Plantation segment profit for the financial year 2022 is expected to be higher than the previous year's, driven by higher average CPO and PK prices. In general, there is still supply tightness in the vegetable oils markets globally.

For the Group's Manufacturing segment, the Oleochemical division expects to operate satisfactorily for the financial year 2022, despite challenges from raw material price volatility, high energy costs and ongoing logistic issues. Despite some softening in caustic soda prices recently, the Group Industrial Chemical division's performance is expected to be better for financial year 2022 due to higher average chlor-alkali products prices.

In view of the above, the Group's financial performance is expected to be better for 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 30 June		9 months ended 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	106,101	68,289	286,516	130,701
Overseas taxation	91,864	62,672	394,122	191,906
	<u>197,965</u>	<u>130,961</u>	<u>680,638</u>	<u>322,607</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(32,060)	(12,628)	(27,905)	(12,937)
Overseas taxation	2,254	350	20,812	7,434
	<u>(29,806)</u>	<u>(12,278)</u>	<u>(7,093)</u>	<u>(5,503)</u>
Deferred tax				
Origination and reversal of temporary differences	(34,044)	10,855	(46,908)	21,284
Relating to changes in tax rates	-	(292)	-	20,473
Under provision in respect of previous years	23,917	3,655	18,723	4,287
	<u>(10,127)</u>	<u>14,218</u>	<u>(28,185)</u>	<u>46,044</u>
	<u>158,032</u>	<u>132,901</u>	<u>645,360</u>	<u>363,148</u>

**Reconciliation of effective taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	807,513	979,072	2,689,276	2,194,392
Taxation at Malaysia income tax rate of 24% (FY2021: 24%)	193,803	234,977	645,426	526,654
Effect of different tax rates in foreign jurisdiction	(36,173)	(7,151)	(54,797)	(22,863)
Withholding tax on foreign dividend and interest income	3,990	2,936	87,206	9,826
Expenses not deductible for tax purposes	17,790	12,905	56,328	42,200
Tax exempt and non-taxable income	(16,897)	(90,633)	(45,557)	(165,348)
Tax incentives	(6,533)	(460)	(11,792)	(2,915)
Deferred tax assets not recognised during the period/year	2,825	892	2,873	1,361
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(12,284)	(5,759)	(58,528)	(29,592)
Expiry of tax losses	4,020	-	4,020	-
Tax effect on associates' and joint ventures' results	(1,274)	(3,382)	(11,396)	(13,750)
Recognition of deferred tax assets not taken up previously	(4,393)	14	(4,393)	-
Over provision of tax expense in respect of previous years	(29,806)	(12,278)	(7,093)	(5,503)
Under provision of deferred tax in respect of previous years	23,917	3,655	18,723	4,287
Effect of changes in tax rates on deferred tax	-	(292)	-	20,473
Prosperity tax	21,731	-	21,731	-
Others	(2,684)	(2,523)	2,609	(1,682)
<b>Tax expense</b>	<b>158,032</b>	<b>132,901</b>	<b>645,360</b>	<b>363,148</b>

**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 30 June 2022					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination
	'000	RM'000	'000	RM'000	'000	RM'000
<u>Secured</u>						
Term Loans	Euro 2,611	12,062	Euro 1,263	5,839	Euro 3,874	17,901
Banker's Acceptance	-	-	-	9,010	-	9,010
<u>Unsecured</u>						
Bank overdraft	-	-	Euro 41,084	189,833	Euro 41,084	189,833
Revolving credit	-	-	Euro 40,000	184,824	Euro 40,000	184,824
	-	-	AUD 14,000	42,592	AUD 14,000	42,592
	-	-	GBP 15,000	80,505	GBP 15,000	80,505
	-	-	-	51,650	-	51,650
Trade financing	-	-	USD 73,699	324,827	USD 73,699	324,827
	-	-	-	434,742	-	434,742
Term loans	USD 70,350	309,599	USD 59,000	259,696	USD 129,350	569,295
	-	-	Euro 73,500	338,925	Euro 73,500	338,925
	JPY 1,574,160	50,790	JPY 1,049,440	33,860	JPY 2,623,600	84,650
	-	-	RMB 84,000	55,272	RMB 84,000	55,272
Bankers' acceptance	-	1,216,396	-	11,909	-	1,228,305
Islamic medium term notes	-	-	-	404,431	-	404,431
	-	6,100,000	-	1,500,000	-	7,600,000
<b>Total</b>	-	<b>7,688,847</b>	-	<b>3,927,915</b>	-	<b>11,616,762</b>

	At 30 June 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 3,874	19,069	Euro 1,254	6,172	Euro 5,128	25,241
<u>Unsecured</u>						
Bank overdraft	-	-	Euro 25,256	124,317	Euro 25,256	124,317
Revolving credit	-	-	Euro 23,000	113,211	Euro 23,000	113,211
	-	-	GBP 21,100	121,137	GBP 21,100	121,137
	-	-	AUD 11,800	36,740	AUD 11,800	36,740
	-	-	-	229,500	-	229,500
Trade financing	-	-	USD 60,040	249,257	USD 60,040	249,257
	-	-	-	505,640	-	505,640
Term loans	USD 65,000	269,802	USD 35,627	147,899	USD 100,627	417,701
	Euro 30,000	147,673	Euro 17,000	83,689	Euro 47,000	231,362
	-	-	RMB 18,171	11,682	RMB 18,171	11,682
Bankers' acceptance	-	113,473	-	21,025	-	134,498
Islamic medium term notes	-	-	-	440,316	-	440,316
	-	5,100,000	-	-	-	5,100,000
<b>Total</b>	-	<b>5,650,017</b>	-	<b>2,090,585</b>	-	<b>7,740,602</b>

Exchange Rates Applied	At 30 June	
	2022	2021
USD / RM	4.4075	4.1515
Euro / RM	4.6206	4.9222
Rp1,000/RM	0.2959	0.2863
RMB/RM	0.6580	0.6429
GBP/RM	5.3670	5.7411
AUD/RM	3.0423	3.1135
JPY100 / RM	3.2469	3.7364

**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 30 June 2022, 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	(2,339,728)	(61,218)
b) Commodity futures contracts:		
- Less than 1 year	1,290,204	8,647

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 30 June 2022, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

**B9. Fair value changes of financial liabilities**

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

**B10. Material Litigation**

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

**B11. Dividend**

a) The Directors do not recommend the payment of any dividend for the quarter ended 30 June 2022.

An interim single tier dividend of 20 sen per share (2021: 20 sen) was declared by the Directors on 24 May 2022 and was paid on 4 August 2022.

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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net profit for the period attributable to equity holders of the Company (RM'000)	304,296	386,465	951,561	838,897
Weighted average number of shares ('000)	394,056	396,350	394,056	396,350
Earnings per share (sen)	77.2	97.5	241.5	211.7

## 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(20,465)	(13,147)	(49,154)	(42,875)
Dividend income	(18,950)	(20,277)	(35,065)	(41,010)
Other income	(86,623)	(402,431)	(369,940)	(819,095)
Interest expense	108,317	66,561	280,840	195,372
Depreciation and amortisation	255,036	178,419	769,863	511,061
Provision for and write-off of receivables	2	6,462	16	4,494
Provision for and write-off of inventories	125,701	21,892	210,942	19,702
Surplus on disposal of quoted or unquoted investment	200	(122)	-	(15,634)
Fair value surplus of an ordinary investment which was previously an associate	-	-	-	(12,224)
Surplus on disposal of land	(864)	-	(2,254)	(150,029)
Surplus arising from government acquisition of land	(570)	(3,362)	(4,049)	(8,349)
Impairment of property, plant and equipment	11,205	-	11,205	-
Foreign exchange loss/(gain)	1,585	15,178	(47,571)	(108,151)
Gain on derivatives	(17,333)	(78,588)	(87,464)	(91,405)
Fair value surplus on deemed disposal of an associate	-	(324,260)	-	(324,260)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG

YAP MIOW KIEN

CHIEW CINDY

Company Secretaries

17 August 2022