

BATU KAWAN BERHAD

196501000504 (6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
for the First Quarter ended 31 December 2021**

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

Condensed Consolidated Statement of Profit or Loss For the First Quarter ended 31 December 2021

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			3 months ended		
	31 December			31 December		
	2021	2020	+ / (-)	2021	2020	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	7,100,886	4,436,065	60.1	7,100,886	4,436,065	60.1
Operating expenses	(6,173,520)	(4,024,881)	53.4	(6,173,520)	(4,024,881)	53.4
Other operating income	148,606	163,828	(9.3)	148,606	163,828	(9.3)
Finance costs	(82,673)	(63,298)	30.6	(82,673)	(63,298)	30.6
Net impairment reversals/(losses) on financial assets	6,558	(1,582)	N/M	6,558	(1,582)	N/M
Share of results of associates	4,921	5,003	(1.6)	4,921	5,003	(1.6)
Share of results of joint ventures	16,202	9,815	65.1	16,202	9,815	65.1
Profit before taxation	1,020,980	524,950	94.5	1,020,980	524,950	94.5
Income tax expense	(296,383)	(92,510)	220.4	(296,383)	(92,510)	220.4
NET PROFIT FOR THE PERIOD	724,597	432,440	67.6	724,597	432,440	67.6
Profit attributable to:						
Equity holders of the Company	330,729	191,351	72.8	330,729	191,351	72.8
Non-controlling interests	393,868	241,089	63.4	393,868	241,089	63.4
	724,597	432,440	67.6	724,597	432,440	67.6
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	83.8	48.2		83.8	48.2	
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 First Quarter ended 31 December 2021

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	724,597	432,440	724,597	432,440
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(16,978)	70,283	(16,978)	70,283
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	43,323	55,649	43,323	55,649
Total other comprehensive income for the period	26,345	125,932	26,345	125,932
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	750,942	558,372	750,942	558,372
Total comprehensive income attributable to:				
Equity holders of the Company	358,050	259,669	358,050	259,669
Non-controlling interests	392,892	298,703	392,892	298,703
	750,942	558,372	750,942	558,372

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 December 2021

(The figures have not been audited.)

	At 31 December 2021	At 30 September 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	12,224,496	11,520,015
Right-of-use assets	1,442,196	1,381,622
Investment property	7,170	7,170
Inventories	2,040,144	2,035,257
Goodwill on consolidation	439,942	437,357
Intangible assets	122,162	129,906
Investments in associates	1,984,307	1,795,476
Investments in joint ventures	366,534	343,423
Other investments	798,741	803,190
Other receivable	399,838	446,418
Deferred tax assets	346,691	350,777
	<u>20,172,221</u>	<u>19,250,611</u>
Current assets		
Inventories	3,284,004	3,080,319
Biological assets	191,929	212,989
Trade and other receivables	3,126,658	3,332,046
Contract assets	28,856	7,448
Tax recoverable	29,436	40,497
Derivative financial assets	145,817	162,486
Other investments	39,465	121,048
Short term funds	185,840	253,444
Cash and cash equivalents	3,325,298	3,408,179
	<u>10,357,303</u>	<u>10,618,456</u>
TOTAL ASSETS	<u>30,529,524</u>	<u>29,869,067</u>

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 December 2021

(The figures have not been audited.)

	At 31 December 2021	At 30 September 2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	2,078,514	2,850,424
Contract liabilities	137,472	121,098
Deferred income	8,591	8,598
Lease liabilities	27,980	29,443
Borrowings	4,032,534	3,407,619
Tax payable	260,519	223,082
Derivative financial liabilities	163,753	238,167
Dividend payable	805,339	-
	7,514,702	6,878,431
Net current assets	2,842,601	3,740,025
Non-current liabilities		
Deferred tax liabilities	1,156,660	1,016,689
Lease liabilities	130,921	134,081
Deferred income	96,273	98,465
Provision for retirement benefits	582,118	572,717
Borrowings	6,143,789	6,217,293
	8,109,761	8,039,245
Total liabilities	15,624,463	14,917,676
Net assets	14,905,061	14,951,391
Equity attributable to owners of the Company		
Share capital	507,587	507,587
Treasury shares	(93,392)	(83,334)
Reserves	6,253,095	5,906,031
	6,667,290	6,330,284
Non-controlling interests	8,237,771	8,621,107
Total equity	14,905,061	14,951,391
TOTAL EQUITY AND LIABILITIES	30,529,524	29,869,067
Net assets per share attributable to equity holders of the Company (RM)	16.91	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 First Quarter ended 31 December 2021

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Retained earnings	Total	Non-controlling interested	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				
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/(loss) for the period	-	-	34,927	(3,186)	(27,967)	-	354,276	358,050	392,892	750,942
Transactions with owners:										
Purchase of shares from non-controlling interests	-	-	-	-	-	381,453	(12,252)	369,201	(420,099)	(50,898)
Effect of changes in shareholdings in subsidiaries	-	-	-	(1,215)	-	-	(24,249)	(25,464)	(40,812)	(66,276)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,187	213,187
Shares buy back	-	(10,058)	-	-	-	-	-	(10,058)	-	(10,058)
Dividend payable - FY2021 final	-	-	-	-	-	-	(354,723)	(354,723)	-	(354,723)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(77,888)	(77,888)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(450,616)	(450,616)
	-	(10,058)	-	(1,215)	-	381,453	(391,224)	(21,044)	(776,228)	(797,272)
At 31 December 2021	507,587	(93,392)	921,479	34,258	587,804	(61,702)	4,771,256	6,667,290	8,237,771	14,905,061

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 First Quarter ended 31 December 2021

(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	General reserve				Retained earnings
	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	-	-	171	32,247	36,039	-	191,212	259,669	298,703	558,372
Transactions with owners:										
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	-	289	289
Acquisition through business combination	-	-	-	-	-	-	-	-	134,024	134,024
Redemption of redeemable preference shares	-	-	3,301	-	-	-	(3,301)	-	-	-
Shares buy back	-	(25,675)	-	-	-	-	-	(25,675)	-	(25,675)
Dividend payable - FY2020 final	-	-	-	-	-	-	(158,553)	(158,553)	-	(158,553)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(12,288)	(12,288)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(199,443)	(199,443)
	-	(25,675)	3,301	-	-	-	(161,854)	(184,228)	(77,418)	(261,646)
At 31 December 2020	507,587	(49,632)	774,889	6,804	561,106	-	4,151,617	5,952,371	6,965,634	12,918,005

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 December 2021

(The figures have not been audited.)

	3 months ended 31 December	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,020,980	524,950
Adjustments for:		
Non-cash items	198,172	111,831
Non-operating items	58,188	37,256
Operating cash flows before changes in working capital	1,277,340	674,037
Changes in working capital		
Net change in current assets	(25,551)	(226,714)
Net change in current liabilities	(7,661)	90,284
Cash flows generated from operations	1,244,128	537,607
Interest received	1,535	1,318
Interest paid	(42,449)	(31,864)
Tax paid	(244,354)	(60,478)
Retirement benefits paid	(9,601)	(7,477)
Net cash flows generated from operating activities	949,259	439,106
Cash flows from investing activities		
Purchase of property, plant and equipment	(335,153)	(183,442)
Purchase of right-of-use assets	(3,491)	(1,152)
Property development expenditure	(4,887)	(133)
Addition to investment property	-	(7)
Purchase of shares in subsidiaries, net of cash	(303,834)	(209,262)
Subscription of shares in a subsidiary	(62,736)	-
Subscription of shares in an associate	(247,911)	-
Subscription of shares in joint ventures	(17,519)	(2,403)
Purchase of shares from non-controlling interests	(850,759)	-
Purchase of other investments	(22,859)	(233,950)
Purchase of intangible assets	(137)	(232)
Proceeds from disposal of property, plant and equipment	2,488	3,021
Compensation from government on land acquired	3,451	-
Proceeds from disposal of other investments	166,464	388,902
Repayment from associates	-	2,403
Advance to joint ventures	(8,345)	-
Advances to investee companies	(14,849)	(1,188)
Decrease in short term funds	66,790	260,182
Decrease in other receivables	55,354	2,068
Dividends received	67,361	43,170
Interest received	10,268	19,244
Net cash flows (used in)/generated from investing activities	(1,500,304)	87,221

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 December 2021

(The figures have not been audited.)

	3 months ended 31 December	
	2021	2020
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of term loans	213,931	58,909
Repayment of term loans	(170,563)	(13,070)
Lease payments	(5,797)	(6,140)
Net drawdown of short term borrowings	465,100	5,405
Dividends paid to non-controlling interests	(77,888)	(12,288)
Shares buy back	(10,058)	(25,675)
Issuance of shares to non-controlling interests	-	289
Net cash flows generated from financing activities	414,725	7,430
Net (decrease)/increase in cash and cash equivalents	(136,320)	533,757
Effects of exchange rate changes	(3,313)	2,055
Cash and cash equivalents at 1 October	3,284,946	3,110,551
Cash and cash equivalents at 31 December	3,145,313	3,646,363
Cash and cash equivalents at 31 December is represented by:		
Cash and cash equivalents	3,325,298	3,784,261
Borrowings - Bank overdraft	(179,985)	(137,898)
	3,145,313	3,646,363

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 455,500 shares in the Company from the open market. The average price paid for the shares repurchased was RM22.05 per share and the total consideration paid, including transaction costs, was RM10,058,224. The shares bought back were financed by internally generated funds and held as treasury shares.

A7. Dividends paid

No dividend has been paid during the current quarter ended 31 December 2021 (31 December 2020: Nil).

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

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended						
31 December 2021						
Revenue						
External revenue	1,152,917	5,736,005	56,017	155,947	-	7,100,886
Inter-segment revenue	417,100	5,794	-	683,273	(1,106,167)	-
Total revenue	1,570,017	5,741,799	56,017	839,220	(1,106,167)	7,100,886
Results						
Operating results	614,103	386,267	17,236	72,105	(7,181)	1,082,530
Finance costs	(5,197)	(13,966)	-	(70,691)	7,181	(82,673)
Share of results of associates	1,469	948	1,590	914	-	4,921
Share of results of joint ventures	13,208	-	-	2,994	-	16,202
Segment results	623,583	373,249	18,826	5,322	-	1,020,980
Profit before taxation						1,020,980
3 months ended						
31 December 2020						
Revenue						
External revenue	608,965	3,631,420	53,431	142,249	-	4,436,065
Inter-segment revenue	30,339	-	-	254,851	(285,190)	-
Total revenue	639,304	3,631,420	53,431	397,100	(285,190)	4,436,065
Results						
Operating results	245,400	209,144	19,920	106,046	(7,080)	573,430
Finance costs	(2,132)	(11,740)	1	(56,507)	7,080	(63,298)
Share of results of associates	1,257	515	2,267	964	-	5,003
Share of results of joint ventures	9,327	-	-	488	-	9,815
Segment results	253,852	197,919	22,188	50,991	-	524,950
Profit before taxation						524,950

b) Segment assets

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
At 31 December 2021					
Operating assets	11,791,727	10,316,570	2,620,972	3,073,287	27,802,556
Associates	33,389	85,166	9,778	1,855,974	1,984,307
Joint ventures	177,807	-	-	188,727	366,534
Segment assets	<u>12,002,923</u>	<u>10,401,736</u>	<u>2,630,750</u>	<u>5,117,988</u>	<u>30,153,397</u>
Tax assets					376,127
Total assets					<u>30,529,524</u>
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	<u>11,368,375</u>	<u>9,949,851</u>	<u>2,681,718</u>	<u>5,477,849</u>	<u>29,477,793</u>
Tax assets					391,274
Total assets					<u>29,869,067</u>

c) Segment liabilities

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
At 31 December 2021					
Segment liabilities	1,897,419	4,245,536	144,322	7,114,668	13,401,945
Tax liabilities					2,222,518
Total liabilities					<u>15,624,463</u>
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					<u>14,917,676</u>

A9. Event Subsequent to Reporting Date

On 9 February 2022, the Company has successfully issued RM500.0 million Sukuk Wakalah from its RM1.0 billion Islamic Medium Term Notes Programme ("Sukuk Wakalah Programme"), comprising Tranch 1 of RM300.0 million 7-year tenure at par with profit rate of 4.12% per annum and Tranch 2 of RM200.0 million 10-year tenure at par with profit rate of 4.30% per annum.

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:

- (a) During the quarter ended 31 December 2021, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLKB"), further acquired 258,019,883 ordinary shares in IJM Plantations Berhad ("IJMP"), representing 29.30% equity interest in IJMP. Accordingly, KLKB holds a total of 836,971,902 IJMP shares, representing 95.05% equity interest in IJMP as at 31 December 2021.
- (b) The proposed acquisition of 100% equity interest in PT Prima Dumai Indobulking ("PDI") by the Company's sub-subsidiaries, KL-Kepong Industrial Holdings Sdn Bhd and PT KLK Dumai, was completed on 21 December 2021. Following the completion, PDI is now a sub-subsidiary of the Group.

PDI is a company incorporated in Indonesia and is principally involved in lease and rental activities. PDI holds a 5-year lease over a piece of land at Dumai port which is adjacent to the existing sites of PT KLK Dumai and PT Kreasijaya. The acquisition of PDI will provide additional land for the Group's oleo and refinery sites to expand and build additional storage tanks.

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 December 2021 RM'000	At 30 September 2021 RM'000
Capital expenditure		
Approved and contracted	312,465	393,409
Approved but not contracted	1,872,045	1,582,515
	<u>2,184,510</u>	<u>1,975,924</u>
Joint venture		
Share of capital commitment of a joint venture	<u>54,126</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.

	3 months ended 31 December	
	2021 RM'000	2020 RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	123,126	87,035
Purchase of goods	647,114	376,408
Service charges paid	401	643
Research and development services paid	<u>3,356</u>	<u>3,515</u>

	3 months ended	
	31 December	
	2021	2020
	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	3,316	147
Taiko Acid Works Sdn Bhd	2,690	-
Taiko Marketing (S) Pte Ltd	1,263	164
Taiko Marketing Sdn Bhd	80,136	52,242
Storage tanks rental received		
Taiko Marketing Sdn Bhd	1,125	1,010
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,063	838
Bukit Katho Estate Sdn Bhd	2,765	1,521
Kampar Rubber & Tin Co Sdn Bhd	3,745	2,072
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	1,005	-
Malay Rubber Plantations (M) Sdn Bhd	3,348	2,141
PT Agro Makmur Abadi	20,207	26,564
PT Java Taiko Mineralindo	1,159	-
PT Safari Riau	14,314	11,621
Taiko Clay Marketing Sdn Bhd	1,038	598
Taiko Drum Industries Sdn Bhd	1,064	647
Taiko Marketing (S) Pte Ltd	3,894	6,528
Taiko Marketing Sdn Bhd	13,958	4,809
Management fees paid		
Farming Management Services Pty Ltd	1,013	613
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of goods		
Mitsui & Co Ltd	92,047	53,478
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	6,246	2,509
PT Tanjung Sarana Lestari	541,951	386,748

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

B1. Detailed analysis of performance

1st Quarter FY2022 vs 1st Quarter FY2021

	Quarter Ended		Changes %
	31 December		
	2021	2020	
	RM'000	RM'000	
Revenue	7,100,886	4,436,065	60.1
Segment results:			
Plantation	623,583	253,852	145.6
Manufacturing	373,249	197,919	88.6
Property development	18,826	22,188	(15.2)
Investment holding/Others	5,322	50,991	(89.6)
Profit before taxation	1,020,980	524,950	94.5

The Group's profit before taxation for the current quarter nearly doubled to RM1,020.98 million (1Q2021: RM524.95 million) from 60.1% higher revenue at RM7,100.89 million (1Q2021: RM4,436.07 million). Comments on the respective business segments are as follows:

Plantation's profit was more than doubled to RM623.58 million (1Q2021: RM253.85 million) with 89.3% higher revenue of RM1,152.92 million (1Q2021: RM608.97 million) from higher CPO and PK selling prices, and profit contributions from newly acquired subsidiaries. The profit was partially offset by higher unrealised loss of RM28.72 million (1Q2021: RM24.40 million unrealised loss) from fair value changes on outstanding derivative contract.

Manufacturing's profit was 88.6% higher at RM373.25 million (1Q2021: RM197.92 million) on 58.0% higher revenue at RM5,736.00 million (1Q2021: RM3,631.42 million) coupled with unrealised gain of RM44.90 million (1Q2021: RM109,000 unrealised loss) from fair value changes on outstanding derivative contracts. The Oleochemical division's profit was 86.2% higher at RM240.67 million (1Q2021: RM129.22 million) contributed by better performance from all regions.

Profit from refineries and kernel crushing operations increased 58.5% to RM79.12 million (1Q2021: RM49.93 million). 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.

As for the Industrial Chemical division, its profit surged to RM53.30 million (1Q2021: RM13.80 million) from higher selling prices of caustic soda in line with global prices.

Property Development's profit fell 15.2% to RM18.83 million (1Q2021: RM22.19 million) on lower profit recognition from the Bandar Seri Coalfields' development, despite 4.8% higher revenue of RM56.01 million (1Q2021: RM53.43 million).

Investment Holdings/Others' result has accounted for foreign currency exchange translation loss of RM4.21 million (1Q2021: RM51.06 million unrealised gain) on translation of inter-company loans denominated in foreign currencies, and better profit from Farming sector of RM59.68 million (1Q2021: RM47.14 million profit) contributed by higher revenue from higher average selling price of all crops.

B2. Comparison of current quarter's results to the preceding quarter
1st Quarter FY2022 vs 4th Quarter FY2021

	Quarter Ended		Changes %
	30 December 2021 RM'000	30 September 2021 RM'000	
Revenue	7,100,886	6,156,606	15.3
Segment results:			
Plantation	623,583	461,875	35.0
Manufacturing	373,249	293,926	27.0
Property development	18,826	14,607	28.9
Investment holding/Others	5,322	121,206	(95.6)
Profit before taxation	1,020,980	891,614	14.5

For the current quarter, the Group's profit before taxation was 14.5% higher at RM1,020.98 million as compared to RM891.61 million reported in the preceding quarter, with a 15.3% higher revenue at RM7,100.89 million (4Q2021: RM6,156.61 million). Comments on the respective business segments are as follows:

Plantation recorded 35.0% higher profit of RM623.58 million (4Q2021: RM461.88 million) due to higher CPO and PK selling prices, profit contributions from newly acquired subsidiaries, IJM Plantation Berhad ("IJMP") and PT Pinang Witmas Sejati for the full quarter as opposed to a profit contribution of one month from IJMP in the previous quarter, coupled with lower unrealised loss of RM28.72 million (4Q2021: RM89.37 million unrealised loss) from fair value changes on outstanding derivative contracts. The increase in profit was partially offset by lower fair value surplus of RM17.69 million (4Q2021: RM33.33 million) on valuation of unharvested FFB.

Manufacturing's profit was 27.0% higher at RM373.25 million (4Q2021: RM293.93 million) with 10.7% higher revenue of RM5,736.00 million (4Q2021: RM5,183.21 million) from higher sales volume. The profit was mitigated by lower unrealised gain of RM44.90 million (4Q2021: RM53.70 million unrealised gain) from fair value changes on outstanding derivative contracts. Preceding quarter's pre-tax profit had accounted for RM29.13 million impairment on an under-performing specialised oleochemical plant.

The Oleochemical division recorded a 66.7% higher profit of RM240.67 million (4Q2021: RM144.38 million) which was partially offset by 40.2% lower profit from refineries and kernel crushing operations of RM79.12 million (4Q2021: RM132.37 million). Industrial Chemical division posted a substantial increase in profit to RM53.30 million (4Q2021: RM21.30 million) from higher selling price of caustic soda.

Property Development recorded a 28.9% higher profit at RM18.83 million (4Q2021: RM14.61 million) despite revenue decreased 16.0% to RM56.02 million (4Q2021: RM66.65 million).

Investment Holdings/Others' result has accounted for Farming's profit of RM59.70 million (4Q2021: RM4.70 million loss) from this season harvest and sales of crops. Previous quarter had recognised an equity profit of RM241.97 million from an overseas associate, Synthomer plc, and RM61.88 million impairment on an estate in Liberia.

B3. Current year's prospects

In view of higher CPO prices together with profit contributions from newly acquired subsidiaries, the Group's Plantation segment is expected to continue its strong performance for the financial year 2022.

The Group's Oleochemical division expects to operate satisfactorily for the financial year 2022, despite challenges from volatile raw material price movements and intense competition. The Group Industrial Chemical division's performance is expected to be better in financial year 2022, supported by the strong prevailing caustic soda prices.

In view of the above, the Group expects to maintain a good performance 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		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	92,696	30,647	92,696	30,647
Overseas taxation	189,588	68,677	189,588	68,677
	<u>282,284</u>	<u>99,324</u>	<u>282,284</u>	<u>99,324</u>
Under/(Over) provision of taxation in respect of previous years				
Malaysian taxation	4,327	(309)	4,327	(309)
Overseas taxation	4,834	934	4,834	934
	<u>9,161</u>	<u>625</u>	<u>9,161</u>	<u>625</u>
Deferred tax				
Origination and reversal of temporary differences	659	(8,342)	659	(8,342)
Under provision in respect of previous years	4,279	903	4,279	903
	<u>4,938</u>	<u>(7,439)</u>	<u>4,938</u>	<u>(7,439)</u>
	<u>296,383</u>	<u>92,510</u>	<u>296,383</u>	<u>92,510</u>

Reconciliation of effective taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	1,020,980	524,950	1,020,980	524,950
Taxation at Malaysia income tax rate of 24% (FY2021: 24%)	245,035	125,988	245,035	125,988
Effect of different tax rates in foreign jurisdiction	(5,114)	(11,878)	(5,114)	(11,878)
Withholding tax on foreign dividend and interest income	71,238	3,498	71,238	3,498
Expenses not deductible for tax purposes	26,392	14,057	26,392	14,057
Tax exempt and non-taxable income	(16,958)	(19,601)	(16,958)	(19,601)
Effect of reduction in income tax rate	(82)	-	(82)	-
Tax incentives	(2,564)	(966)	(2,564)	(966)
Deferred tax assets not recognised during the period/year	34	(4)	34	(4)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(30,203)	(17,830)	(30,203)	(17,830)
Tax effect on associates' and joint ventures' results	(5,071)	(3,556)	(5,071)	(3,556)
Under provision of tax expense in respect of previous years	9,161	625	9,161	625
Under provision of deferred tax in respect of previous years	4,279	903	4,279	903
Others	236	1,274	236	1,274
Tax expense	296,383	92,510	296,383	92,510

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 December 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	3,244	15,364	Euro	1,259	5,962	Euro	4,503	21,326
<u>Unsecured</u>									
Bank overdraft	-	-	-	Euro	37,998	179,985	Euro	37,998	179,985
Revolving credit	-	-	-	Euro	45,000	213,151	Euro	45,000	213,151
	-	-	-	Rp	30,000,000	8,769	Rp	30,000,000	8,769
	-	-	-	AUD	25,000	75,625	AUD	25,000	75,625
	-	-	-	USD	50,000	210,639	USD	50,000	210,639
	-	-	-	GBP	44,178	249,038	GBP	44,178	249,038
	-	-	-	-	-	260,000	-	-	260,000
Trade financing	-	-	-	USD	73,911	307,915	USD	73,911	307,915
	-	-	-	-	-	512,217	-	-	512,217
Term loans	USD	111,050	463,085	USD	46,175	192,527	USD	157,225	655,612
	Euro	30,000	142,129	Euro	43,500	206,178	Euro	73,500	348,307
	JPY	3,148,320	114,010	JPY	524,720	19,002	JPY	3,673,040	133,012
	Rp	5,000,000	1,461	Rp	14,405,294	4,211	Rp	19,405,294	5,672
Bankers' acceptance	-	-	1,307,740	-	-	29,237	-	-	1,336,977
Islamic medium term notes	-	-	-	-	-	558,078	-	-	558,078
Total	-	-	6,143,789	-	-	4,032,534	-	-	10,176,323

	At 31 December 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	4,502	22,122	Euro	1,249	6,138	Euro	5,751	28,260
<u>Unsecured</u>									
Bank overdraft	-	-	-	Euro	28,065	137,898	Euro	28,065	137,898
Revolving credit	-	-	-	Euro	26,000	127,751	Euro	26,000	127,751
	-	-	-	Rp	129,406,208	37,049	Rp	129,406,208	37,049
	-	-	-	GBP	39,000	214,539	GBP	39,000	214,539
	-	-	-	AUD	6,800	21,048	AUD	6,800	21,048
	-	-	-	-	-	25,000	-	-	25,000
Trade financing	-	-	-	USD	38,649	155,465	USD	38,649	155,465
	-	-	-	-	-	376,265	-	-	376,265
Term loans	USD	68,500	276,148	USD	20,000	80,537	USD	88,500	356,685
	Euro	40,000	196,637	Euro	10,000	49,181	Euro	50,000	245,818
Bankers' acceptance	-	-	57,283	-	-	119,847	-	-	177,130
Islamic medium term notes	-	-	-	-	-	181,659	-	-	181,659
Total	-	-	5,652,190	-	-	1,532,377	-	-	7,184,567

Exchange Rates Applied	At 31 December	
	2021	2020
USD / RM	4.1660	4.0225
Euro / RM	4.7367	4.9135
Rp1,000/RM	0.2923	0.2863
RMB/RM	0.6554	0.6163
GBP/RM	5.6371	5.5010
AUD/RM	3.0250	3.0953
JPY100 / RM	3.6196	3.8957

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 December 2021, 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	(1,103,507)	26,218
b) Commodity futures contracts:		
- Less than 1 year	(105,795)	(44,154)

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 December 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) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2021 (31 December 2020: Nil).

b) Total dividend for the current financial year to-date is Nil (31 December 2020: Nil).

B12. Earnings Per Share

Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
Net profit for the period attributable to equity holders of the Company (RM'000)	330,729	191,351	330,729	191,351
Weighted average number of shares ('000)	394,440	397,246	394,440	397,246
Earnings per share (sen)	83.8	48.2	83.8	48.2

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		3 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(13,092)	(16,215)	(13,092)	(16,215)
Dividend income	(11,392)	(9,827)	(11,392)	(9,827)
Other income	(148,606)	(165,176)	(148,606)	(165,176)
Interest expense	82,673	63,298	82,673	63,298
Depreciation and amortisation	244,384	160,441	244,384	160,441
Provision for and write-off of receivables	14	1,582	14	1,582
Provision for and write-off/(write-back) of inventories	45,980	(5,580)	45,980	(5,580)
(Surplus)/Loss on disposal of quoted or unquoted investment	(31)	21	(31)	21
Surplus on disposal of land	(836)	(294)	(836)	(294)
(Surplus)/Loss arising from government acquisition of land	(3,451)	161	(3,451)	161
Foreign exchange gain	(8,092)	(76,864)	(8,092)	(76,864)
Gain on derivatives	(80,966)	(13,157)	(80,966)	(13,157)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG
YAP MIOW KIEN
CHIEW CINDY
Company Secretaries

16 February 2022