

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER**  
**ENDED 31 DECEMBER 2020**

**Unaudited Condensed Consolidated Income Statements For The Financial Year Ended**  
**31 December 2020**

	4th Quarter ended		12 Months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue	1,132,771	1,180,708	4,190,690	4,683,776
Operating expenses	(1,153,795)	(1,113,998)	(4,168,533)	(4,475,220)
Operating (loss)/profit	(21,024)	66,710	22,157	208,556
Other operating income	13,392	6,522	80,753	62,232
Share of results of associates	415,292	328,666	1,343,138	1,039,614
Share of results of joint venture	465	(6,290)	3,568	(4,960)
Finance costs	(8,001)	(7,001)	(28,683)	(33,814)
<b>Profit before taxation</b>	<b>400,124</b>	<b>388,607</b>	<b>1,420,933</b>	<b>1,271,628</b>
Tax expense	(10,587)	(22,537)	(57,511)	(72,366)
<b>Profit for the period/year</b>	<b>389,537</b>	<b>366,070</b>	<b>1,363,422</b>	<b>1,199,262</b>
Attributable to :				
Owners of the parent	385,389	349,945	1,316,961	1,152,551
Non-controlling interests	4,148	16,125	46,461	46,711
<b>Profit for the period/year</b>	<b>389,537</b>	<b>366,070</b>	<b>1,363,422</b>	<b>1,199,262</b>
Basic earnings per share (sen)	27.09	24.60	92.57	81.02

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

**Unaudited Condensed Consolidated Statements Of Comprehensive Income  
For The Financial Year Ended 31 December 2020**

	4th Quarter ended 31 December		12 Months ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Profit for the period/year</b>	<b>389,537</b>	366,070	<b>1,363,422</b>	1,199,262
Other comprehensive income/(loss), net of tax				
<b><u>Items that will not be subsequently reclassified to profit or loss</u></b>				
Fair value gain/(loss) on investment in equity instruments designated as fair value through other comprehensive income	34,160	5,208	(49,601)	(99,797)
Share of associates' other comprehensive income /(loss)	8,351	(11,759)	(60,154)	(25,532)
Gain on disposal of equity instruments at fair value through other comprehensive income	-	6,487	-	6,487
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations	(670,700)	(402,303)	(400,832)	(171,328)
Share of associates' other comprehensive income /(loss)	1,029,603	166,969	1,025,844	(65,014)
<b>Total comprehensive income</b>	<b><u>790,951</u></b>	<b><u>130,672</u></b>	<b><u>1,878,679</u></b>	<b><u>844,078</u></b>
Attributable to :				
Owners of the parent	787,296	112,307	1,824,496	793,513
Non-controlling interests	3,655	18,365	54,183	50,565
<b>Total comprehensive income</b>	<b><u>790,951</u></b>	<b><u>130,672</u></b>	<b><u>1,878,679</u></b>	<b><u>844,078</u></b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Financial Position**

	As at <b>31-Dec-20</b> <b>RM'000</b>	As at <b>31-Dec-19</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,320,984	1,337,417
Investment properties	300,506	265,770
Right-of-use assets	254,461	245,769
Bearer plant	3,566	3,042
Goodwill	71,201	73,704
Other intangible assets	7,652	9,177
Land held for property development	100,178	100,178
Investment in associates	19,436,825	17,960,226
Investment in joint venture	22,549	17,404
Receivables	675	10,600
Other investments	356,042	405,179
Deferred tax assets	14,605	342
	<b>21,889,244</b>	<b>20,428,808</b>
<b>Current Assets</b>		
Inventories	658,626	802,513
Biological assets	8,635	16,767
Other intangible assets	52	25
Property development costs	32,613	18,881
Receivables	862,380	801,805
Derivative financial assets	360	128
Current tax assets	11,407	9,921
Cash and cash equivalents	1,420,341	1,500,909
	<b>2,994,414</b>	<b>3,150,949</b>
	<b>24,883,658</b>	<b>23,579,757</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	21,389,435	20,005,945
<b>Equity attributable to owners of the parent</b>	<b>22,818,749</b>	<b>21,435,259</b>
Non-controlling interests	727,696	695,532
<b>Total equity</b>	<b>23,546,445</b>	<b>22,130,791</b>

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Financial Position**  
*(continued)*

	<b>As at 31-Dec-20 RM'000</b>	<b>As at 31-Dec-19 RM'000</b>
<b>Non-current Liabilities</b>		
Borrowings	25,461	4,096
Lease obligations	239,307	227,976
Provision for restoration cost	28,620	29,340
Deferred tax liabilities	110,139	102,191
	<b>403,527</b>	<b>363,603</b>
<b>Current Liabilities</b>		
Payables	387,302	669,190
Derivative financial liabilities	54,009	17,339
Borrowings	455,798	357,075
Lease obligations	28,844	28,540
Provision for restoration cost	1,695	5,200
Current tax liabilities	6,038	8,019
	<b>933,686</b>	<b>1,085,363</b>
<b>Total liabilities</b>	<b>1,337,213</b>	<b>1,448,966</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,883,658</b>	<b>23,579,757</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

**Unaudited Condensed Consolidated Statements Of Changes In Equity For The Financial Year Ended 31 December 2020**

	Share capital RM'000	Non-distributable reserves RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
<b><u>12 months ended 31 December 2020</u></b>						
At 1 January 2020	1,429,314	2,825,928	17,180,017	21,435,259	695,532	22,130,791
Total comprehensive income	-	507,619	1,316,877	1,824,496	54,183	1,878,679
Transfer of reserves	-	(3,338)	3,338	-	-	-
Dividends	-	-	(441,006)	(441,006)	(26,164)	(467,170)
Issue of shares to non-controlling interests	-	-	-	-	4,145	4,145
<b>At 31 December 2020</b>	<b>1,429,314</b>	<b>3,330,209</b>	<b>18,059,226</b>	<b>22,818,749</b>	<b>727,696</b>	<b>23,546,445</b>
<b><u>12 months ended 31 December 2019</u></b>						
At 1 January 2019	1,429,314	3,166,516	16,444,244	21,040,074	696,797	21,736,871
Total comprehensive (loss)/income	-	(359,415)	1,152,928	793,513	50,565	844,078
Transfer of reserves	-	18,827	(18,827)	-	(25,904)	(25,904)
Dividends	-	-	(398,328)	(398,328)	(25,926)	(424,254)
<b>At 31 December 2019</b>	<b>1,429,314</b>	<b>2,825,928</b>	<b>17,180,017</b>	<b>21,435,259</b>	<b>695,532</b>	<b>22,130,791</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

**Unaudited Condensed Consolidated Statements Of Cash Flows  
For The Financial Year Ended 31 December 2020**

	<b>12 months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>1,420,933</b>	<b>1,271,628</b>
Adjustments :		
Non-cash items	(1,140,682)	(856,897)
Non-operating items	(11,301)	(26,009)
Operating profit before working capital changes	<u>268,950</u>	<u>388,722</u>
Working capital changes :-		
Net change in current assets	79,511	97,510
Net change in current liabilities	(278,340)	(38,820)
Cash generated from operations	<u>70,121</u>	<u>447,412</u>
Tax paid	(70,346)	(46,438)
<b>Net cash (used in)/generated from operating activities</b>	<b>(225)</b>	<b>400,974</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(126,428)	(142,640)
Proceeds from disposal of property, plant and equipment	1,148	5,266
Purchase of investments	(120,097)	-
Proceeds from disposal of investment	438	35,536
Dividends received	509,565	382,169
Income received from short-term fund placements	28,540	34,946
Interest received	7,050	9,266
Repayment from associates	7,973	496
Distribution of profit from joint venture	7,668	7,555
<b>Net cash generated from investing activities</b>	<b>315,857</b>	<b>332,594</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown/(repayment) of bank borrowings	129,982	(133,285)
Interest paid	(17,403)	(23,814)
Dividends paid	(467,170)	(424,254)
Payment of lease obligations	(43,018)	(42,470)
Shares issued to non-controlling interest of a subsidiary	4,145	-
<b>Net cash used in financing activities</b>	<b>(393,464)</b>	<b>(623,823)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(77,832)</b>	<b>109,745</b>
Cash and cash equivalents brought forward	1,500,571	1,390,711
Effect of exchange rate changes	(2,537)	114
<b>Cash and cash equivalents carried forward</b>	<b><u>1,420,202</u></b>	<b><u>1,500,570</u></b>
<b>Cash and cash equivalents represented by :</b>		
Cash and bank balances	257,054	180,967
Bank deposits	224,868	174,977
Short-term fund placements	938,419	1,144,965
Bank overdrafts	(139)	(339)
	<b><u>1,420,202</u></b>	<b><u>1,500,570</u></b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

## NOTES

### A1. Accounting policies

The interim financial statements of the Group have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") MFRS 134 Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2020 :

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7 and MFRS 9	Interest Rate Benchmark Reform
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above Amendments to MFRS did not have any material effects to the condensed financial statements in the period of initial application.

The Group has early adopted the Amendments to MFRS 16: Covid-19 Related Rent Concessions on 1 January 2020, which is effective for financial periods beginning on or after 1 June 2020.

As a practical expedient, the Group, as a lessee has elected not to assess whether a rent concession that meets conditions as set out in MFRS 16 in a lease modification. As such, any change in lease payments resulting from the rent concession shall be accounted as variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs and is recognised directly to profit or loss. The adoption of this amendment had no material impact to the financial statement under review.

### A2. Seasonality or cyclicity of interim operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

### A3. Exceptional or unusual items

There were no exceptional or unusual items for the financial year ended 31 December 2020.

### A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the previous financial year which have a material effect in the current financial year.

### A5. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year.

### A6. Dividend paid

During the financial year ended 31 December 2020, a second interim dividend of 23 sen per share in respect of financial year ended 31 December 2019 was paid on 2 June 2020, and an interim dividend of 8 sen per share in respect of financial year ended 31 December 2020 was paid on 29 September 2020.

**A7. Segmental reporting**

Performance of the Group's business segments for the financial year ended 31 December 2020 is as follows :

<b>Business segments:</b> All figures in RM'000	<u>Grains and agribusiness</u>	<u>Consumer products</u>	<u>Film exhibition and distribution</u>	<u>Environmental engineering and utilities</u>	<u>Property</u>	<u>Other operations</u>	<u>Inter-segment elimination</u>	<u>Total</u>
<b>REVENUE</b>								
External revenue	3,135,779	627,681	114,255	188,912	66,078	57,985	-	4,190,690
Inter-segment sales	155,351	594	-	631	968	3,308	(160,852)	-
<b>Total revenue</b>	<b><u>3,291,130</u></b>	<b><u>628,275</u></b>	<b><u>114,255</u></b>	<b><u>189,543</u></b>	<b><u>67,046</u></b>	<b><u>61,293</u></b>	<b><u>(160,852)</u></b>	<b><u>4,190,690</u></b>
<b>RESULTS</b>								
Segment results	161,834	32,374	(122,502)	4,629	5,024	21,795	-	103,154
Share of results of associates	109,848	(826)	(13,096)	6,185	(1,084)	1,242,111	-	1,343,138
Share of results of joint venture	-	-	-	3,568	-	-	-	3,568
Unallocated corporate expenses	-	-	-	-	-	-	-	(28,927)
<b>Profit/(Loss) before taxation</b>	<b><u>271,682</u></b>	<b><u>31,548</u></b>	<b><u>(135,598)</u></b>	<b><u>14,382</u></b>	<b><u>3,940</u></b>	<b><u>1,263,906</u></b>	<b><u>-</u></b>	<b><u>1,420,933</u></b>



**A8. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the financial year that have not been reflected in the financial statements under review.

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

FFM Berhad (“FFM”), an 80%-subsidiary of PPB Group Berhad, had on 24 June 2020 acquired the remaining 70% equity interest not already owned in FFM Further Processing Sdn Bhd (“FFMP”) from BRF Foods GmbH for RM31.5 million. Arising therefrom, FFMP has become a wholly-owned subsidiary of FFM.

Other than the above, there were no material changes in the composition of the Group for the financial year under review.

**A10. Changes in contingent liabilities or contingent assets**

There were no material changes in contingent assets and liabilities since the end of the previous financial year.

**A11. Capital and other commitments**

Authorised capital and other commitments not provided for in the financial statements as at 31 December 2020 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	64,371
- not contracted	365,248
	<u>429,619</u>
Other commitments	
- contracted	311,683
- not contracted	148,328
	<u>460,011</u>
<b>Total</b>	<b><u><u>889,630</u></u></b>

**A12. Significant related party transactions**

Significant related party transactions during the financial year ended 31 December 2020 are as follows:

	RM'000
Transactions with associates	
- Sales of goods	1,537
- Interest income	1,134
- Purchase of goods	26,484
	<u>29,155</u>
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,967
- Sales of goods	51,456
	<u>53,423</u>
Transactions with subsidiaries of associates	
- Purchase of goods	261,135
- Sales of goods	116,461
- Rental income	3,333
- Other services expense	18,961
- Supervision fees income	2,654
- Freight cost	125,205
	<u>528,750</u>

**B1. Performance analysis**

**Group financial performance by business segment**

<b>Business segments:</b> All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter- segment elimination	Total
<u>4Q2020</u>								
<b>REVENUE</b>								
External revenue	839,303	156,184	8,990	83,936	29,706	14,652	-	1,132,771
Inter-segment sales	38,134	97	-	200	258	28	(38,717)	-
<b>Total revenue</b>	<b>877,437</b>	<b>156,281</b>	<b>8,990</b>	<b>84,136</b>	<b>29,964</b>	<b>14,680</b>	<b>(38,717)</b>	<b>1,132,771</b>
<b>RESULTS</b>								
Segment results	10,413	11,795	(43,325)	1,925	4,850	3,927	-	(10,415)
Share of results of associates	30,455	463	(3,118)	696	(472)	387,268	-	415,292
Share of results of joint venture	-	-	-	465	-	-	-	465
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,218)
<b>Profit/(Loss) before taxation</b>	<b>40,868</b>	<b>12,258</b>	<b>(46,443)</b>	<b>3,086</b>	<b>4,378</b>	<b>391,195</b>	<b>-</b>	<b>400,124</b>
<u>4Q2019</u>								
<b>REVENUE</b>								
External revenue	787,379	139,957	147,480	63,499	20,699	21,694	-	1,180,708
Inter-segment sales	33,056	914	-	78	420	79	(34,547)	-
<b>Total revenue</b>	<b>820,435</b>	<b>140,871</b>	<b>147,480</b>	<b>63,577</b>	<b>21,119</b>	<b>21,773</b>	<b>(34,547)</b>	<b>1,180,708</b>
<b>RESULTS</b>								
Segment results	49,197	(723)	12,892	2,081	2,912	11,387	-	77,746
Share of results of associates	24,495	(1,096)	(1,314)	891	(2,319)	308,009	-	328,666
Share of results of joint venture	-	-	-	(6,290)	-	-	-	(6,290)
Unallocated corporate expenses	-	-	-	-	-	-	-	(11,515)
<b>Profit/(Loss) before taxation</b>	<b>73,692</b>	<b>(1,819)</b>	<b>11,578</b>	<b>(3,318)</b>	<b>593</b>	<b>319,396</b>	<b>-</b>	<b>388,607</b>
<b>Variance</b>								
Revenue (%)	7%	11%	-94%	32%	42%	-33%	-12%	-4%
Profit/(Loss) before taxation (%)	-45%	>100%	->100%	>100%	>100%	22%	-	3%

**B1. Performance analysis**

**Group financial performance by business segment**

<b>Business segments:</b> All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter- segment elimination	Total
<u>FY2020</u>								
<b>REVENUE</b>								
External revenue	3,135,779	627,681	114,255	188,912	66,078	57,985	-	4,190,690
Inter-segment sales	155,351	594	-	631	968	3,308	(160,852)	-
<b>Total revenue</b>	<b>3,291,130</b>	<b>628,275</b>	<b>114,255</b>	<b>189,543</b>	<b>67,046</b>	<b>61,293</b>	<b>(160,852)</b>	<b>4,190,690</b>
<b>RESULTS</b>								
Segment results	161,834	32,374	(122,502)	4,629	5,024	21,795	-	103,154
Share of results of associates	109,848	(826)	(13,096)	6,185	(1,084)	1,242,111	-	1,343,138
Share of results of joint venture	-	-	-	3,568	-	-	-	3,568
Unallocated corporate expenses	-	-	-	-	-	-	-	(28,927)
<b>Profit/(Loss) before taxation</b>	<b>271,682</b>	<b>31,548</b>	<b>(135,598)</b>	<b>14,382</b>	<b>3,940</b>	<b>1,263,906</b>	<b>-</b>	<b>1,420,933</b>
<u>FY2019</u>								
<b>REVENUE</b>								
External revenue	3,153,532	624,197	556,127	194,569	63,298	92,053	-	4,683,776
Inter-segment sales	150,615	3,243	-	270	1,337	319	(155,784)	-
<b>Total revenue</b>	<b>3,304,147</b>	<b>627,440</b>	<b>556,127</b>	<b>194,839</b>	<b>64,635</b>	<b>92,372</b>	<b>(155,784)</b>	<b>4,683,776</b>
<b>RESULTS</b>								
Segment results	135,204	6,377	65,287	11,310	13,491	48,655	-	280,324
Share of results of associates	77,806	(5,730)	1,551	4,922	400	960,665	-	1,039,614
Share of results of joint venture	-	-	-	(4,960)	-	-	-	(4,960)
Unallocated corporate expenses	-	-	-	-	-	-	-	(43,350)
<b>Profit before taxation</b>	<b>213,010</b>	<b>647</b>	<b>66,838</b>	<b>11,272</b>	<b>13,891</b>	<b>1,009,320</b>	<b>-</b>	<b>1,271,628</b>
<b>Variance</b>								
Revenue (%)	0%	0%	-79%	-3%	4%	-34%	-3%	-11%
Profit/(Loss) before taxation (%)	28%	>100%	->100%	28%	-72%	25%	-	12%

### **Group performance review**

For the fourth quarter of 2020, the Group recorded total revenue of RM1.13 billion, 4% lower as compared to 4Q2019 of RM1.18 billion. Pre-tax profit was at RM400 million (4Q2019: RM389 million). Profit contribution from Wilmar International Limited ("Wilmar") increased by RM79 million to RM387 million (4Q2019: RM308 million).

For financial year 2020, Group total revenue was lower by 11% to RM4.19 billion (FY2019: RM4.68 billion) mainly attributable to lower revenue from *Film exhibition and distribution* segment. The Group achieved a pre-tax profit of RM1.42 billion for financial year 2020, 12% higher as compared to RM1.27 billion achieved in 2019. This was mainly attributable to a 29% increase in contribution from Wilmar at RM1.24 billion (FY2019: RM960 million). Core group profit was, however, lower by 43%.

### **Grains and agribusiness**

Segment revenue in 4Q2020 was higher by 7% to RM877 million (4Q2019: RM820 million) mainly due to higher sales of feed, maize and soybean meal. The segment reported lower profit by 45% to RM41 million (4Q2019: RM74 million) mainly due to higher raw material costs, partially offset by higher profit contribution

Segment revenue for FY2020 was relatively unchanged at RM3.29 billion (FY2019: RM3.30 billion). Segment profit was higher by 28% to RM272 million (FY2019: RM213 million) mainly attributable to lower raw material costs and higher share of profit from associates.

### **Consumer products**

Segment revenue and profit for 4Q2020 was at RM156 million (4Q2019: RM141 million) and RM12 million (4Q2019: loss of RM1.8 million) respectively.

Segment profit for FY2020 was higher at RM32 million (FY2019: RM647,000). The increase was mainly attributable to a one-off gain on step-acquisition of an associate of RM21 million and better performance at the bakery division.

### **Film exhibition and distribution**

Segment revenue for 4Q2020 and FY2020 was at RM9 million (4Q2019: RM147 million) and RM114 million (FY2019: RM556 million) respectively. For 4Q2020 and FY2020, the segment recorded a loss of RM46 million (4Q2019: profit of RM12 million) and RM136 million (FY2019: profit of RM67 million) respectively.

Segment results was significantly impacted by reduced admissions, intermittent closure of cinemas and deferment of movie titles during the year as the country fought the Covid-19 pandemic through the Movement Control Order ("MCO").

### **Environmental engineering and utilities**

Segment revenue and profit for 4Q2020 was at RM84 million (4Q2019: RM64 million) and RM3 million (FY2019: loss of RM3 million) respectively.

For FY2020, segment revenue was lower by 3% at RM190 million (FY2019: RM195 million). However, profit was higher by 28% at RM14 million (FY2019: RM11 million) mainly attributable to share of profit from joint venture as a one-time impairment of an overseas joint venture of RM8.9 million was made in FY2019. Excluding that, performance was affected by slower project activities due to the imposition of MCO during the year.

### **Property**

Segment revenue and profit for 4Q2020 was higher at RM30 million (4Q2019: RM21 million) and RM4 million (4Q2019: RM1 million) respectively, mainly due to higher progress billings from the Megah Rise project, partially offset by lower rental income from mall operations.

For FY2020, the segment recorded revenue and profit at RM67 million (FY2019: RM65 million) and RM4 million (FY2019: RM14 million) respectively. This was mainly due to lower rental income and the absence of a one time gain on disposal of property of RM4.7 million in FY2019.

### **Other operations**

The segment achieved a higher profit at RM391 million in 4Q2020 (4Q2019: RM319 million) and RM1.26 billion in FY2020 (FY2019: RM1.01 billion) respectively. Contribution from Wilmar increased by 26% to RM387 million for 4Q2020 (4Q2019: RM308 million) and up 29% to RM1.24 billion for financial year 2020 (FY2019: RM960 million) respectively.

### **B2. Material changes in the quarterly results compared to the results of the preceding quarter**

Group pre-tax profit decreased by 7% to RM400 million for 4Q2020 (3Q2020: RM430 million). This was mainly attributable to lower contribution from Wilmar by 5% to RM387 million (3Q2020: RM409 million).

### **B3. Prospects**

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter of 2020, attributed largely to the imposition of a Conditional Movement Control Order in a number of states since mid-October 2020. Economic recovery was affected by a resurgence in COVID-19 cases and an introduction of targeted containment measures in several states in the fourth quarter of 2020. Overall performance of the year was at a negative of 5.6% following global restraint orders and border closures.

For 2021, while we expect near term growth to be affected by the re-introduction of stricter containment measures, we believe that the impact will be less severe than what we experienced in 2020.

The growth trajectory is projected to improve from the second quarter onwards. This will be driven by improvement in global demand, turnaround in public and private sector expenditure amidst continuous support from policy measures, higher production from existing and new facilities in the manufacturing and mining sectors. The Covid-19 vaccine rollout from February onwards is also expected to lift sentiment and dampen the spread of the virus.

The *Grains and agribusiness* segment is expected to weather the volatile commodities market. The segment, which is in the business of production and distribution of staple food, is expected to perform satisfactorily, riding on its strong technical competency, extensive marketing and distribution network as well as in-depth procurement experience.

The *Consumer Products* segment is expected to perform satisfactorily as the Group endeavours to expand sales into the food service channel and e-commerce marketplace.

The *Film exhibition and distribution* segment performance will be weighed down by intermittent cinema closures, operating in reduced seating capacity due to strict adherence to maintaining social distancing, and deferment of movie titles releases.

Management is confident that the movie industry will start to recover as the Covid-19 cases are brought under control and after the planned rollout of the vaccination programme towards the second quarter of 2021. We remain resilient during this transitory period and continue to work on revenue diversification and cost optimisation initiatives, in addition to stringent cash flow management.

The *Environmental engineering and utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities.

Performance of the *Property* segment remains challenging, both in the area of investment properties and property development. Management will continue to work on various initiatives to improve footfall in our malls as well as to increase sales of our development properties.

The Covid-19 pandemic will continue to weigh on our *Film exhibition and distribution* and *Property* segments. The other main business segments, which are mainly in the production and distribution of staple food and services, are expected to perform satisfactorily. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before taxation**

	4th Quarter ended 31-Dec-20 RM'000	12 months ended 31-Dec-20 RM'000
Profit before taxation was stated after charging/(crediting):		
Interest income and income from short-term fund placements	(6,686)	(34,527)
Dividend income	(1,579)	(5,457)
Net fair value loss on derivatives	30,969	886
Net foreign exchange (gain)/loss	(6,388)	1,881
Allowance for doubtful debts and receivables written off	7,770	9,832
Depreciation and amortisation	58,096	186,617
Interest expense on lease obligations	3,594	11,466
	<u>3,594</u>	<u>11,466</u>

**B6. Tax expense**

	4th Quarter ended 31-Dec-20 RM'000	12 months ended 31-Dec-20 RM'000
Taxation comprises:		
Malaysian taxation		
Current	410	43,477
Deferred	1,505	(17,773)
	<u>1,915</u>	<u>25,704</u>
Foreign taxation		
Current	2,081	5,960
Deferred	3,132	9,444
	<u>7,128</u>	<u>41,108</u>
Under/(over) provision in prior years:		
Current	3,869	17,671
Deferred	(410)	(1,268)
	<u>10,587</u>	<u>57,511</u>

The effective tax rate was higher than the statutory tax rate. This was due mainly to underprovision of tax in prior years and provision for withholding tax on undistributed profits on foreign associates.

**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 19 February 2021.

## B8. Group borrowings

Total Group borrowings as at 31 December 2020 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	23,708	-	23,708
Long-term bank loan (VND)	1,653	1,653	-
Hire purchase financing	100	100	-
	<b>25,461</b>	<b>1,753</b>	<b>23,708</b>
Short-term bank borrowings			
Bills payable (IDR)	162,305	-	162,305
Short-term loan	52,000	-	52,000
Short-term loan (USD)	119,181	-	119,181
Short-term loan (VND)	122,092	3,848	118,244
Hire purchase financing	81	81	-
	<b>455,659</b>	<b>3,929</b>	<b>451,730</b>
Bank overdrafts	139	-	139
	<b>455,798</b>	<b>3,929</b>	<b>451,869</b>

## B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 31 December 2020:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	67,984	317
ii) Forward foreign currency contracts	9,014	43
<b>Total derivative assets</b>		<b>360</b>
<u>Derivative financial liabilities</u>		
i) Options contracts	791,982	17,151
ii) Futures contracts	451,541	35,603
iii) Forward foreign currency contracts	115,892	1,255
<b>Total derivative liabilities</b>		<b>54,009</b>

All contracts will be maturing within one year.

### Futures and options contracts

The Group is exposed to market risk mainly from fluctuation in the prices of agricultural commodities, namely wheat and corn which are the key raw materials used in the Group's *Grains and agribusiness* segment. Commodity futures and options contracts are entered into with the objective to mitigate and hedge against the volatility of commodity prices. It is the policy of the Group to hedge only in contracts with corresponding underlying commodities that are used in its grains and agribusiness activities.

### Forward foreign currency contracts

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency. Under the Group's policy, foreign currency hedging is only considered for committed transactions and shall not exceed 100% of the committed amount.

There have been no significant changes since the end of the previous financial year ended 31 December 2019 in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

(b) Fair value changes of financial instruments

The derivative financial instruments are recognised at fair value on contract dates and subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in the income statement. Fair value changes are dependent on the market prices of derivatives as at liquidation date and end of reporting period.

For the fourth quarter of 2020, unrealised fair value loss on derivative financial instruments amounted to RM1.1 million (4Q2019: RM0.3 million gain).

For the financial year 2020, unrealised fair value loss on derivative financial instruments amounted to RM13.8 million (FY2019: RM2.3 million).

### B10. Material litigation

There was no material litigation as at 19 February 2021.

### B11. Dividends

The Board of Directors is pleased to recommend a proposed final dividend of 22 sen per share and a special dividend of 16 sen per share for the financial year ended 31 December 2020 (2019: Second interim dividend of 23 sen per share) payable on Tuesday, 1 June 2021 subject to approval of shareholders at the 52nd Annual General Meeting scheduled to be held on Tuesday, 11 May 2021.

Together with the interim dividend of 8 sen per share paid on 29 September 2020, total dividends paid and payable for the financial year ended 31 December 2020 would amount to 46 sen per share (2019 - First interim: 8 sen per share; Second interim: 23 sen per share).

The proposed final and special dividends are payable on Tuesday, 1 June 2021 to shareholders whose names appear in the Record of Depositors at the close of business on Monday, 17 May 2021.

### B12. Earnings per share

	4th Quarter ended		12 Months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	385,389	349,945	1,316,961	1,152,551
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	27.09	24.60	92.57	81.02

There were no potential dilutive ordinary shares outstanding as at 31 December 2020 and 31 December 2019. As a result, there were no diluted earnings per share for the financial year ended 31 December 2020 and 31 December 2019.

### B13. Disclosure of audit report qualification and status of matters raised

The auditors' report for the financial year ended 31 December 2019 was not subject to any qualification.

**Kuala Lumpur**  
**25 February 2021**

*By Order of the Board*  
Mah Teck Keong  
Company Secretary