

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2021**

**Condensed Consolidated Income Statements For The Period Ended**  
**31 March 2021**

	1st Quarter ended 31 March		3 Months ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,117,739	1,067,990	1,117,739	1,067,990
Operating expenses	(1,108,367)	(1,041,316)	(1,108,367)	(1,041,316)
Operating profit	9,372	26,674	9,372	26,674
Other operating income/(loss)	63,201	(7,546)	63,201	(7,546)
Share of results of associates	379,897	186,967	379,897	186,967
Share of results of joint venture	1,156	1,584	1,156	1,584
Finance costs	(7,018)	(6,757)	(7,018)	(6,757)
<b>Profit before taxation</b>	<b>446,608</b>	<b>200,922</b>	<b>446,608</b>	<b>200,922</b>
Tax expense	(24,365)	(12,451)	(24,365)	(12,451)
<b>Profit for the period</b>	<b>422,243</b>	<b>188,471</b>	<b>422,243</b>	<b>188,471</b>
Attributable to :				
Owners of the parent	402,182	187,266	402,182	187,266
Non-controlling interests	20,061	1,205	20,061	1,205
<b>Profit for the period</b>	<b>422,243</b>	<b>188,471</b>	<b>422,243</b>	<b>188,471</b>
Basic earnings per share (sen)	28.27	13.16	28.27	13.16

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Comprehensive Income**  
**For The Financial Period Ended 31 March 2021**

	1st Quarter ended 31 March		3 Months ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit for the period</b>	<b>422,243</b>	188,471	<b>422,243</b>	188,471
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	56,861	(124,033)	56,861	(124,033)
Share of associates' other comprehensive loss	(21,928)	-	(21,928)	-
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations	618,015	927,000	618,015	927,000
Share of associates' other comprehensive loss	(81,013)	(371,853)	(81,013)	(371,853)
<b>Total comprehensive income</b>	<b>994,178</b>	<b>619,585</b>	<b>994,178</b>	<b>619,585</b>
Attributable to :				
Owners of the parent	969,095	618,220	969,095	618,220
Non-controlling interests	25,083	1,365	25,083	1,365
<b>Total comprehensive income</b>	<b>994,178</b>	<b>619,585</b>	<b>994,178</b>	<b>619,585</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

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

	As at 31-Mar-21 RM'000	As at 31-Dec-20 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,315,987	1,320,984
Investment properties	303,612	300,506
Right-of-use assets	246,990	254,461
Bearer plants	3,961	3,566
Land held for property development	100,194	100,178
Goodwill	71,201	71,201
Other intangible assets	7,228	7,704
Investment in associates	20,327,723	19,436,825
Investment in joint venture	24,390	22,549
Other investments	413,076	356,042
Deferred tax assets	15,691	14,605
<b>Total non-current assets</b>	<b>22,830,053</b>	<b>21,888,621</b>
<b>Current assets</b>		
Inventories	735,853	658,626
Biological assets	5,919	8,635
Property development costs	30,884	32,613
Receivables	912,863	863,055
Derivative financial assets	58,654	360
Current tax assets	24,682	11,407
Cash and cash equivalents	1,417,014	1,420,341
<b>Total current assets</b>	<b>3,185,869</b>	<b>2,995,037</b>
<b>TOTAL ASSETS</b>	<b>26,015,922</b>	<b>24,883,658</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	22,358,530	21,389,435
<b>Equity attributable to owners of the parent</b>	<b>23,787,844</b>	<b>22,818,749</b>
Non-controlling interests	752,779	727,696
<b>Total equity</b>	<b>24,540,623</b>	<b>23,546,445</b>

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

	<b>As at</b>	<b>As at</b>
	<b>31-Mar-21</b>	<b>31-Dec-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>		
Borrowings	41,227	25,461
Lease obligations	232,560	239,307
Deferred tax liabilities	128,355	110,139
Provision for restoration cost	28,620	28,620
<b>Total non-current liabilities</b>	<b>430,762</b>	<b>403,527</b>
<b>Current liabilities</b>		
Payables	429,043	387,302
Derivative financial liabilities	43,899	54,009
Borrowings	534,278	455,798
Lease obligations	28,869	28,844
Provision for restoration cost	1,542	1,695
Current tax liabilities	6,906	6,038
<b>Total current liabilities</b>	<b>1,044,537</b>	<b>933,686</b>
<b>Total liabilities</b>	<b>1,475,299</b>	<b>1,337,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,015,922</b>	<b>24,883,658</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

**Condensed Consolidated Statements Of Changes In Equity For The Period Ended 31 March 2021**

	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>3 months ended 31 March 2021</u></b>						
At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Total comprehensive income	-	566,913	402,182	969,095	25,083	994,178
Transfer of reserves	-	109,304	(109,304)	-	-	-
<b>At 31 March 2021</b>	<b>1,429,314</b>	<b>4,053,219</b>	<b>18,305,311</b>	<b>23,787,844</b>	<b>752,779</b>	<b>24,540,623</b>
<b><u>3 months ended 31 March 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	-	430,954	187,266	618,220	1,365	619,585
Transfer of reserves	-	6,740	(6,740)	-	-	-
<b>At 31 March 2020</b>	<b>1,429,314</b>	<b>3,263,622</b>	<b>17,360,543</b>	<b>22,053,479</b>	<b>696,897</b>	<b>22,750,376</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Cash Flows**  
**For The Period Ended 31 March 2021**

	<b>3 months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>446,608</b>	<b>200,922</b>
Adjustments:		
Non-cash items	(405,462)	(103,581)
Non-operating items	1,239	(4,302)
Operating profit before working capital changes	42,385	93,039
Working capital changes:-		
Net change in current assets	(108,501)	(13,937)
Net change in current liabilities	46,157	(83,313)
Cash used in operations	(19,959)	(4,211)
Tax paid	(19,635)	(10,097)
<b>Net cash used in operating activities</b>	<b>(39,594)</b>	<b>(14,308)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(32,737)	(44,394)
Proceeds from disposal of property, plant and equipment	1,490	326
Purchase of investments	(27,378)	(22,142)
Dividends received	11,135	558
Income received from short-term fund placements	4,510	9,648
Interest received	973	2,135
(Advances to)/repayment from associates	(441)	3,515
Distribution of profit from joint venture	-	933
Proceeds from liquidation of an associate	10,321	-
<b>Net cash used in investing activities</b>	<b>(32,127)</b>	<b>(49,421)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	79,242	27,264
Interest paid	(4,179)	(4,097)
Payment of lease obligations	(10,204)	(10,969)
Other financing activities	-	(28)
<b>Net cash generated from financing activities</b>	<b>64,859</b>	<b>12,170</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,862)</b>	<b>(51,559)</b>
Cash and cash equivalents brought forward	1,420,202	1,500,571
Effect of exchange rate changes	3,674	2,036
<b>Cash and cash equivalents carried forward</b>	<b>1,417,014</b>	<b>1,451,048</b>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	303,776	197,614
Bank deposits	232,687	190,011
Short-term fund placements	880,551	1,063,930
Bank overdrafts	-	(507)
	<b>1,417,014</b>	<b>1,451,048</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

## **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 2020 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2021 :

Amendments to MFRS 9, MFRS 7 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
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The adoption of the above Amendments to MFRS did not have any material effect on the condensed financial statements in the period of initial application.

### **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 period ended 31 March 2021.

### **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 interim period.

### **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 period to-date.

### **A6. Dividend paid**

No dividend was paid during the financial period under review.

**A7. Segmental reporting**

Performance of the Group's business segments for the period ended 31 March 2021 is as follows :

<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
<b>REVENUE</b>								
External revenue	845,173	155,884	22,087	47,192	29,798	17,605	-	1,117,739
Inter-segment sales	20,570	326	-	108	162	71	(21,237)	-
<b>Total revenue</b>	<b>865,743</b>	<b>156,210</b>	<b>22,087</b>	<b>47,300</b>	<b>29,960</b>	<b>17,676</b>	<b>(21,237)</b>	<b>1,117,739</b>
<b>RESULTS</b>								
Segment results	89,285	(1,189)	(25,744)	553	5,356	3,541	-	71,802
Share of results of associates	34,293	(193)	842	369	(606)	345,192	-	379,897
Share of results of joint venture	-	-	-	1,156	-	-	-	1,156
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,247)
<b>Profit/(Loss) before taxation</b>	<b>123,578</b>	<b>(1,382)</b>	<b>(24,902)</b>	<b>2,078</b>	<b>4,750</b>	<b>348,733</b>	<b>-</b>	<b>446,608</b>



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

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

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

There were no material changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the period ended 31 March 2021.

**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 March 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	54,104
- not contracted	365,450
	<u>419,554</u>
Other commitments	
- contracted	470,488
- not contracted	55,557
	<u>526,045</u>
<b>Total</b>	<b><u>945,599</u></b>

**A12. Significant related party transactions**

Significant related party transactions during the financial period ended 31 March 2021 are as follows:

	RM'000
Transactions with associates	
- Purchase of goods	2,676
	<u>9,452</u>
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	9,452
	<u>9,452</u>
Transactions with subsidiaries of associates	
- Purchase of goods	146,899
- Sales of goods	39,528
- Other services expense	3,824
- Freight cost	28,468
	<u>28,468</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>1Q2021</u>								
<b>REVENUE</b>								
External revenue	845,173	155,884	22,087	47,192	29,798	17,605	-	1,117,739
Inter-segment sales	20,570	326	-	108	162	71	(21,237)	-
<b>Total revenue</b>	<b>865,743</b>	<b>156,210</b>	<b>22,087</b>	<b>47,300</b>	<b>29,960</b>	<b>17,676</b>	<b>(21,237)</b>	<b>1,117,739</b>
<b>RESULTS</b>								
Segment results	89,285	(1,189)	(25,744)	553	5,356	3,541	-	71,802
Share of results of associates	34,293	(193)	842	369	(606)	345,192	-	379,897
Share of results of joint venture	-	-	-	1,156	-	-	-	1,156
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,247)
<b>Profit/(Loss) before taxation</b>	<b>123,578</b>	<b>(1,382)</b>	<b>(24,902)</b>	<b>2,078</b>	<b>4,750</b>	<b>348,733</b>	<b>-</b>	<b>446,608</b>
<u>1Q2020</u>								
<b>REVENUE</b>								
External revenue	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	21,571	346	-	64	240	104	(22,325)	-
<b>Total revenue</b>	<b>792,178</b>	<b>160,148</b>	<b>78,058</b>	<b>32,048</b>	<b>12,955</b>	<b>14,928</b>	<b>(22,325)</b>	<b>1,067,990</b>
<b>RESULTS</b>								
Segment results	29,298	1,188	(18,151)	(646)	(200)	6,862	-	18,351
Share of results of associates	25,188	(1,214)	(1,322)	1,120	(2,275)	165,470	-	186,967
Share of results of joint venture	-	-	-	1,584	-	-	-	1,584
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,980)
<b>Profit/(Loss) before taxation</b>	<b>54,486</b>	<b>(26)</b>	<b>(19,473)</b>	<b>2,058</b>	<b>(2,475)</b>	<b>172,332</b>	<b>-</b>	<b>200,922</b>
<b>Variance</b>								
Revenue (%)	9%	-2%	-72%	48%	>100%	18%	5%	5%
Profit/(Loss) before taxation (%)	>100%	->100%	-28%	1%	>100%	>100%	-	>100%

### **Group performance review**

For the first quarter of 2021, the Group recorded total revenue of RM1.12 billion, 5% higher as compared to RM1.07 billion achieved in 1Q2020. Pre-tax profit increased to RM447 million from RM201 million recorded in 1Q2020. This was mainly due to higher contribution from Wilmar International Limited ("Wilmar") at RM345 million (1Q2020: RM165 million) and higher profits from the *Grains and agribusiness* segment.

### **Grains and agribusiness**

Segment revenue increased by 9% to RM866 million (1Q2020: RM792 million) mainly due to higher selling prices for flour and feed. The segment reported higher profit by RM70 million to RM124 million (1Q2020: RM54 million) mainly due to higher unrealised net fair value gain on derivatives.

### **Consumer products**

Segment revenue was marginally lower at RM156 million (1Q2020: RM160 million). The segment recorded a loss of RM1.4 million (1Q2020: RM26,000) mainly due to weaker performance in the bakery division as operations were temporarily impacted by the implementation of precautionary and preventive measures at the factory plant to mitigate the risk of Covid-19 infection at the beginning of the quarter.

### **Film exhibition and distribution**

Segment revenue for 1Q2021 declined by 72% to RM22 million (1Q2020: RM78 million). The segment recorded a loss of RM25 million (1Q2020: RM19 million). Segment operation was significantly impacted by prolonged cinema closures in 1Q2021, coupled with reduced admissions and deferment of box office titles as the country weathered through the second movement control order.

### **Environmental engineering and utilities**

Segment revenue and profit for 1Q2021 was at RM47 million (1Q2020: RM32 million) and RM2 million (1Q2020: RM2 million) respectively.

### **Property**

Segment revenue and profit for 1Q2021 was at RM30 million (1Q2020: RM13 million) and RM4.8 million (1Q2020: loss of RM2.5 million) respectively. The improvement was mainly due to higher progress billings from the Megah Rise development project.

### **Other operations**

Segment profit was higher at RM349 million in 1Q2021 (1Q2020: RM172 million). Contribution from Wilmar increased by RM180 million to RM345 million (1Q2020: RM165 million).

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

Group pre-tax profit increased by 12% to RM447 million for 1Q2021 (4Q2020: RM400 million). This was mainly attributable to higher contribution from *Grains and agribusiness* segment by RM83 million to RM124 million (4Q2020: RM41 million), partially offset by lower contribution from Wilmar by RM42 million to RM345 million (4Q2020: RM387 million).

### **B3. Prospects**

The Malaysian economy recorded a contraction of 0.5% in comparison to the previous quarter's contraction of 3.4%. The stronger performance was supported mainly by improvements in domestic demand as well as robust export performance, particularly for Electrical & Electronic products. Growth was also supported by continued policy measures aimed at supporting economic growth and recovery.

The imposition of the Second Movement Control Order ("MCO"), continued closure of international borders and restrictions on inter-state travel, however, weighed on overall economic activity. Economic activity gradually picked up as restrictions eased in February and March. However, the recent imposition of MCO 3.0 is expected to push any meaningful recovery towards the later part of the year.

The *Grains and agribusiness* segment is expected to weather through the sharp increase in commodity prices and the margin compression brought on by it. With the Group's extensive experience in grain procurement and technical competency in delivering consistent quality products, the segment is anticipated to perform satisfactorily.

The *Consumer products* segment is expected to perform satisfactorily with an expanded marketing footprint in the food services channel and e-commerce marketplace.

Whilst there were initial signs of recovery in our *Film exhibition and distribution* segment from pent-up demand from cinemagoers when the cinemas reopened on 5 March 2021, the recovery was interrupted by the imposition of MCO 3.0.

Management continues to look for opportunities to expand its revenue stream, deploy cost containment measures and practise strict cashflow management to navigate the challenging operating conditions. The recovery and performance of this segment will depend on the progress and success of the National Immunization Program, although the business challenges will likely remain, in view of the potentially prolonged restrictions imposed by the Government and mandatory compliance of standard operating procedures.

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, in both the area of investment properties as well as property development. Management will continue to work on various initiatives to improve footfall in our malls and completing the development of the Megah Rise project.

The Covid-19 pandemic will continue to weigh down on both 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, notwithstanding rising grain prices. 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**

	1st Quarter ended 31-Mar-21 RM'000
Profit before taxation was stated after charging/(crediting):	
Interest income and income from short-term fund placements	(5,677)
Dividend income	(102)
Net foreign exchange gain	(2,095)
Net fair value gain on derivatives	(48,261)
Allowance for doubtful debts and receivables written off	1,017
Depreciation and amortisation	40,867
Interest expense on lease obligations	2,802
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**B6. Tax expense**

	1st Quarter ended 31-Mar-21 RM'000
Taxation comprises:	
Malaysian taxation	
Current	3,666
Deferred	15,746
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	19,412
Foreign taxation	
Current	2,608
Deferred	1,368
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	23,388
Under provision in prior years:	
Current	950
Deferred	27
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	<b>24,365</b>
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The effective tax rate was higher than the statutory tax rate. This was due mainly to deferred tax assets not recognised by certain subsidiaries and provision for withholding tax on undistributed profits of foreign associates. Deferred tax benefit will only be recognised when it is probable that taxable profits will be available to allow deferred tax benefit to be realised.

**B7. Status of corporate proposals**

Golden Screen Cinemas Sdn Bhd, the operating company of the GSC cinema chain, had on 23 February 2021, entered into an Asset Sale Agreement to acquire the cinema assets of the former MBO cinema circuit. The acquisition is expected to be completed in the second quarter of 2021. This strategic move will expand the Group's network of cinemas and further strengthen the Group's market leading position.

**B8. Group borrowings**

Total Group borrowings as at 31 March 2021 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	31,338	-	31,338
Long-term bank loan (VND)	9,810	9,810	-
Hire purchase financing	79	79	-
	<b>41,227</b>	<b>9,889</b>	<b>31,338</b>
Short-term bank borrowings			
Bills payable (IDR)	125,685	-	125,685
Short-term loan	70,000	-	70,000
Short-term loan (USD)	245,444	-	245,444
Short-term loan (VND)	93,067	2,654	90,413
Hire purchase financing	82	82	-
	<b>534,278</b>	<b>2,736</b>	<b>531,542</b>

**B9. Derivative financial instruments**

(a) Derivative financial assets and financial liabilities as at 31 March 2021:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	796,398	53,517
ii) Forward foreign currency contracts	277,395	5,137
<b>Total derivative assets</b>		<b>58,654</b>
<u>Derivative financial liabilities</u>		
i) Options contracts	790,893	34,150
ii) Futures contracts	291,909	5,688
iii) Forward foreign currency contracts	566,610	4,061
<b>Total derivative liabilities</b>		<b>43,899</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 manage volatility of commodity prices. It is the policy of the Group to manage the commodity prices with reference to underlying contracts of corresponding 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 2020 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 1Q2021, unrealised fair value gain on derivative financial instruments amounted to RM54.6 million (1Q2020: RM4.1 million loss).

**B10. Material litigation**

There was no material litigation as at 22 May 2021.

**B11. Dividend**

At the 52nd Annual General Meeting on 11 May 2021, shareholders approved a final dividend of 22 sen per share and a special dividend of 16 sen per share for financial year ended 31 December 2020 to be paid on 1 June 2021.

The Directors do not recommend the payment of any dividend for the first quarter of 2021.

**B12. Earnings per share**

	1st Quarter ended		3 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	402,182	187,266	402,182	187,266
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	28.27	13.16	28.27	13.16

There were no potential dilutive ordinary shares outstanding as at 31 March 2021 and 31 March 2020. As a result, there were no diluted earnings per share for the quarter ended 31 March 2021 and the preceding year corresponding quarter.

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

The auditors' report for the financial year ended 31 December 2020 was not subject to any qualification.

**Kuala Lumpur**  
**28 May 2021**

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