

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2021**

**Condensed Consolidated Income Statements For The Period Ended**  
**30 June 2021**

	2nd Quarter ended 30 June		First Half ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,082,928	953,343	2,200,667	2,021,333
Operating expenses	(1,100,072)	(946,552)	(2,208,439)	(1,987,868)
Operating (loss)/profit	(17,144)	6,791	(7,772)	33,465
Other operating (loss)/income	(91,327)	82,946	(28,126)	75,400
Share of results of associates	260,324	306,732	640,221	493,699
Share of results of joint venture	1,106	237	2,262	1,821
Finance costs	(8,340)	(6,509)	(15,358)	(13,266)
<b>Profit before taxation</b>	<b>144,619</b>	<b>390,197</b>	<b>591,227</b>	<b>591,119</b>
Taxation	27,914	(26,358)	3,549	(38,809)
<b>Profit for the period</b>	<b>172,533</b>	<b>363,839</b>	<b>594,776</b>	<b>552,310</b>
Attributable to :				
Owners of the parent	183,466	332,733	585,648	519,999
Non-controlling interests	(10,933)	31,106	9,128	32,311
<b>Profit for the period</b>	<b>172,533</b>	<b>363,839</b>	<b>594,776</b>	<b>552,310</b>
Basic earnings per share (sen)	12.90	23.39	41.17	36.55

(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 30 June 2021**

	<b>2nd Quarter ended</b>		<b>First Half ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<b>172,533</b>	363,839	<b>594,776</b>	552,310
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/(loss)	26,348	55,895	83,209	(68,138)
Share of associates' other comprehensive income/(loss)	43,023	(71,275)	21,095	(71,275)
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations	30,934	(101,550)	648,949	825,450
Share of associates' other comprehensive income/(loss)	183,019	79,726	102,006	(292,127)
<b>Total comprehensive income</b>	<b><u>455,857</u></b>	<b><u>326,635</u></b>	<b><u>1,450,035</u></b>	<b><u>946,220</u></b>
Attributable to :				
Owners of the parent	463,945	283,938	1,433,040	902,158
Non-controlling interests	(8,088)	42,697	16,995	44,062
<b>Total comprehensive income</b>	<b><u>455,857</u></b>	<b><u>326,635</u></b>	<b><u>1,450,035</u></b>	<b><u>946,220</u></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 <b>30-Jun-21</b> RM'000	As at <b>31-Dec-20</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,305,085	1,320,984
Investment properties	309,151	300,506
Right-of-use assets	239,323	254,461
Bearer plants	3,731	3,566
Land held for property development	100,487	100,178
Goodwill	71,201	71,201
Other intangible assets	6,913	7,704
Investment in associates	20,289,111	19,436,825
Investment in joint venture	25,890	22,549
Other investments	439,440	356,042
Deferred tax assets	29,360	14,605
<b>Total non-current assets</b>	<b>22,819,692</b>	<b>21,888,621</b>
<b>Current assets</b>		
Inventories	922,790	658,626
Biological assets	6,477	8,635
Property development costs	31,634	32,613
Receivables	1,165,868	863,055
Derivative financial assets	2,379	360
Current tax assets	33,061	11,407
Cash and cash equivalents	1,363,963	1,420,341
<b>Total current assets</b>	<b>3,526,172</b>	<b>2,995,037</b>
<b>TOTAL ASSETS</b>	<b>26,345,864</b>	<b>24,883,658</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	22,246,794	21,389,435
<b>Equity attributable to owners of the parent</b>	<b>23,676,108</b>	<b>22,818,749</b>
Non-controlling interests	746,388	727,696
<b>Total equity</b>	<b>24,422,496</b>	<b>23,546,445</b>

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

	<b>As at 30-Jun-21 RM'000</b>	<b>As at 31-Dec-20 RM'000</b>
<b>Non-current liabilities</b>		
Borrowings	57,047	25,461
Lease obligations	225,364	239,307
Deferred tax liabilities	108,955	110,139
Provision for restoration cost	28,620	28,620
<b>Total non-current liabilities</b>	<b>419,986</b>	<b>403,527</b>
<b>Current liabilities</b>		
Payables	440,473	387,302
Derivative financial liabilities	139,959	54,009
Borrowings	885,548	455,798
Lease obligations	29,120	28,844
Provision for restoration cost	1,343	1,695
Current tax liabilities	6,939	6,038
<b>Total current liabilities</b>	<b>1,503,382</b>	<b>933,686</b>
<b>Total liabilities</b>	<b>1,923,368</b>	<b>1,337,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,345,864</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 30 June 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>First half ended 30 June 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	-	847,392	585,648	1,433,040	16,995	1,450,035
Transfer of reserves	-	76,405	(110,243)	(33,838)	-	(33,838)
Dividends	-	-	(540,588)	(540,588)	(923)	(541,511)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Changes in equity interest in subsidiaries of an associate	-	(1,255)	-	(1,255)	-	(1,255)
<b>At 30 June 2021</b>	<b>1,429,314</b>	<b>4,299,544</b>	<b>17,947,250</b>	<b>23,676,108</b>	<b>746,388</b>	<b>24,422,496</b>
<b><u>First half ended 30 June 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	-	382,159	519,999	902,158	44,062	946,220
Transfer of reserves	-	63,410	(63,410)	-	-	-
Dividends	-	-	(327,198)	(327,198)	(1,424)	(328,622)
<b>At 30 June 2020</b>	<b>1,429,314</b>	<b>3,271,497</b>	<b>17,309,408</b>	<b>22,010,219</b>	<b>738,170</b>	<b>22,748,389</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 30 June 2021**

	<b>6 months ended 30 June</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>591,227</b>	<b>591,119</b>
Adjustments:		
Non-cash items	(531,495)	(418,773)
Non-operating items	497	(10,576)
Operating profit before working capital changes	60,229	161,770
Working capital changes:-		
Net change in current assets	(431,816)	44,792
Net change in current liabilities	58,889	(265,288)
Cash used in operations	(312,698)	(58,726)
Tax paid	(33,155)	(18,688)
<b>Net cash used in operating activities</b>	<b>(345,853)</b>	<b>(77,414)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(67,294)	(56,243)
Proceeds from disposal of property, plant and equipment	2,116	455
Purchase of investments	(82,835)	(84,144)
Dividends received	577,307	358,710
Income received from short-term fund placements	8,964	17,001
Interest received	1,911	3,965
Advances to associates	(51,376)	(6,153)
Distribution of profit from joint venture	1,868	3,807
Proceeds from liquidation of an associate	10,321	-
<b>Net cash generated from investing activities</b>	<b>400,982</b>	<b>237,398</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	450,751	162,752
Interest paid	(9,993)	(8,317)
Dividends paid	(541,511)	(328,622)
Payment of lease obligations	(20,189)	(21,423)
Shares issued to non-controlling interest of a subsidiary	2,620	-
<b>Net cash used in financing activities</b>	<b>(118,322)</b>	<b>(195,610)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(63,193)</b>	<b>(35,626)</b>
Cash and cash equivalents brought forward	1,420,202	1,500,571
Effect of exchange rate changes	4,220	4,909
<b>Cash and cash equivalents carried forward</b>	<b>1,361,229</b>	<b>1,469,854</b>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	448,578	262,627
Bank deposits	165,378	172,305
Short-term fund placements	750,007	1,035,414
Bank overdrafts	(2,734)	(492)
	<b>1,361,229</b>	<b>1,469,854</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
---	--

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 30 June 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**

A final dividend and special dividend of 22 sen per share and 16 sen per share respectively in respect of financial year ended 31 December 2020 was paid on 1 June 2021.

**A7. Segmental reporting**

Performance of the Group's business segments for the period ended 30 June 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	1,659,445	319,925	41,056	94,139	52,602	33,500	-	2,200,667
Inter-segment sales	40,696	418	-	164	362	100	(41,740)	-
<b>Total revenue</b>	<b>1,700,141</b>	<b>320,343</b>	<b>41,056</b>	<b>94,303</b>	<b>52,964</b>	<b>33,600</b>	<b>(41,740)</b>	<b>2,200,667</b>
<b>RESULTS</b>								
Segment results	1,350	877	(58,618)	1,912	6,701	9,239	-	(38,539)
Share of results of associates	50,221	(526)	(611)	33	(860)	591,964	-	640,221
Share of results of joint venture	-	-	-	2,262	-	-	-	2,262
Unallocated corporate expenses	-	-	-	-	-	-	-	(12,717)
<b>Profit/(Loss) before taxation</b>	<b>51,571</b>	<b>351</b>	<b>(59,229)</b>	<b>4,207</b>	<b>5,841</b>	<b>601,203</b>	<b>-</b>	<b>591,227</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 financial period 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 30 June 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	77,258
- not contracted	370,465
	<u>447,723</u>
Other commitments	
- contracted	361,943
- not contracted	146,306
	<u>508,249</u>
<b>Total</b>	<b><u>955,972</u></b>

**A12. Significant related party transactions**

Significant related party transactions during the financial period ended 30 June 2021 are as follows:

	RM'000
Transactions with associates	
- Film rental income	2,008
- Purchase of goods	4,833
	<u>6,841</u>
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	13,166
	<u>13,166</u>
Transactions with subsidiaries of associates	
- Purchase of goods	266,356
- Sales of goods	74,053
- Rental income	1,663
- Other services expense	6,824
- Freight cost	89,412
	<u>438,308</u>

**B1. Performance analysis**

**Group financial performance by business segment**

<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>
<u>2Q2021</u>								
<b>REVENUE</b>								
External revenue	814,272	164,041	18,969	46,947	22,804	15,895	-	1,082,928
Inter-segment sales	20,126	92	-	56	200	29	(20,503)	-
<b>Total revenue</b>	<b>834,398</b>	<b>164,133</b>	<b>18,969</b>	<b>47,003</b>	<b>23,004</b>	<b>15,924</b>	<b>(20,503)</b>	<b>1,082,928</b>
<b>RESULTS</b>								
Segment results	(87,935)	2,066	(32,874)	1,359	1,345	5,698	-	(110,341)
Share of results of associates	15,928	(333)	(1,453)	(336)	(254)	246,772	-	260,324
Share of results of joint venture	-	-	-	1,106	-	-	-	1,106
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,470)
<b>(Loss)/Profit before taxation</b>	<b>(72,007)</b>	<b>1,733</b>	<b>(34,327)</b>	<b>2,129</b>	<b>1,091</b>	<b>252,470</b>	<b>-</b>	<b>144,619</b>
<u>2Q2020</u>								
<b>REVENUE</b>								
External revenue	737,221	166,030	1,464	25,662	8,972	13,994	-	953,343
Inter-segment sales	24,760	17	-	139	220	192	(25,328)	-
<b>Total revenue</b>	<b>761,981</b>	<b>166,047</b>	<b>1,464</b>	<b>25,801</b>	<b>9,192</b>	<b>14,186</b>	<b>(25,328)</b>	<b>953,343</b>
<b>RESULTS</b>								
Segment results	99,174	20,691	(36,465)	1,500	(1,820)	6,303	-	89,383
Share of results of associates	27,792	(552)	(4,981)	3,084	460	280,929	-	306,732
Share of results of joint venture	-	-	-	237	-	-	-	237
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,155)
<b>Profit/(Loss) before taxation</b>	<b>126,966</b>	<b>20,139</b>	<b>(41,446)</b>	<b>4,821</b>	<b>(1,360)</b>	<b>287,232</b>	<b>-</b>	<b>390,197</b>
<b>Variance</b>								
Revenue (%)	10%	-1%	>100%	82%	>100%	12%	19%	14%
Profit/(Loss) before taxation (%)	->100%	-91%	17%	-56%	>100%	-12%	-	-63%

**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>1H2021</u>								
<b>REVENUE</b>								
External revenue	1,659,445	319,925	41,056	94,139	52,602	33,500	-	2,200,667
Inter-segment sales	40,696	418	-	164	362	100	(41,740)	-
<b>Total revenue</b>	<b>1,700,141</b>	<b>320,343</b>	<b>41,056</b>	<b>94,303</b>	<b>52,964</b>	<b>33,600</b>	<b>(41,740)</b>	<b>2,200,667</b>
<b>RESULTS</b>								
Segment results	1,350	877	(58,618)	1,912	6,701	9,239	-	(38,539)
Share of results of associates	50,221	(526)	(611)	33	(860)	591,964	-	640,221
Share of results of joint venture	-	-	-	2,262	-	-	-	2,262
Unallocated corporate expenses	-	-	-	-	-	-	-	(12,717)
<b>Profit/(Loss) before taxation</b>	<b>51,571</b>	<b>351</b>	<b>(59,229)</b>	<b>4,207</b>	<b>5,841</b>	<b>601,203</b>	<b>-</b>	<b>591,227</b>
<u>1H2020</u>								
<b>REVENUE</b>								
External revenue	1,507,828	325,832	79,522	57,646	21,687	28,818	-	2,021,333
Inter-segment sales	46,331	363	-	203	460	296	(47,653)	-
<b>Total revenue</b>	<b>1,554,159</b>	<b>326,195</b>	<b>79,522</b>	<b>57,849</b>	<b>22,147</b>	<b>29,114</b>	<b>(47,653)</b>	<b>2,021,333</b>
<b>RESULTS</b>								
Segment results	128,472	21,879	(54,616)	854	(2,020)	13,165	-	107,734
Share of results of associates	52,980	(1,766)	(6,303)	4,204	(1,815)	446,399	-	493,699
Share of results of joint venture	-	-	-	1,821	-	-	-	1,821
Unallocated corporate expenses	-	-	-	-	-	-	-	(12,135)
<b>Profit/(Loss) before taxation</b>	<b>181,452</b>	<b>20,113</b>	<b>(60,919)</b>	<b>6,879</b>	<b>(3,835)</b>	<b>459,564</b>	<b>-</b>	<b>591,119</b>
<b>Variance</b>								
Revenue (%)	9%	-2%	-48%	63%	>100%	15%	12%	9%
Profit/(Loss) before taxation (%)	-72%	-98%	3%	-39%	>100%	31%	-	0%

### **Group performance review**

For the second quarter of 2021, the Group achieved a total revenue of RM1.1 billion which was 14% higher as compared to RM953 million recorded in 2Q2020. This was mainly contributed by the *Grains and agribusiness* segment. Pre-tax profit however, was lower at RM145 million from the RM390 million recorded in the preceding corresponding quarter. The lower profit was mainly attributable to a loss of RM72 million (2Q2020: profit of RM127 million) recorded by the *Grains and agribusiness* segment. Contribution from Wilmar International Limited (“Wilmar”) was also lower by 12% at RM249 million.

For the first half of 2021, Group revenue increased by 9% to RM2.2 billion mainly due to higher revenue at the *Grains and agribusiness* segment.

Group pre-tax profit for 1H2021 remained unchanged at RM591 million (1H2020: RM591 million), the weaker performance recorded by the Group’s core segments was negated by the increase in profit contribution from Wilmar by 33% to RM594 million.

### **Grains and agribusiness**

Segment revenue for 2Q2021 and 1H2021 was higher by 10% and 9% to RM834 million and RM1.7 billion respectively from a year ago. The segment recorded a loss of RM72 million in the second quarter of 2021 (2Q2020 : profit of RM127 million) and lower profit for the first half of 2021 at RM52 million (1H2020: RM181 million). The sharp rise in commodity prices has led to a significant increase in raw material costs of flour and feed products; with limited price-in mechanism, gross profit margin compression was seen across the sub-segments.

### **Consumer products**

Segment revenue for 2Q2021 and 1H2021 remained stable at RM164 million (2Q2020: RM166 million) and RM320 million (1H2020: RM326 million) respectively. Segment profit was significantly lower at RM1.7 million (2Q2020: RM20.1 million) in 2Q2021 and RM0.4 million (1H2020: RM20.1 million) in 1H2021. Included in the 1H2020 results was a one-off gain on the step-acquisition of an associate amounted to RM10 million. Performance was significantly impacted by the increased cost of goods sold on the back of rising commodity prices.

### **Film exhibition and distribution**

Segment revenue for 2Q2021 and 1H2021 was at RM19 million (2Q2020: RM1 million) and RM41 million (1H2020: RM80 million) respectively. For 2Q2021 and 1H2021, the segment recorded lower loss by 17% to RM34 million (2Q2020: RM41 million) and 3% to RM59 million (1H2020: RM61 million) respectively. Cinema operations were significantly impacted by the prolonged cinema closures throughout the 1H2021 as the country enforced strict Movement Control Orders (“MCO”) to contain the Covid-19 pandemic.

### **Environmental engineering and utilities**

Segment revenue for 2Q2021 and 1H2021 was higher at RM47 million (2Q2020: RM26 million) and RM94 million (1H2020: RM58 million) respectively. Segment profit for 2Q2021 and 1H2021 was at RM2 million (2Q2020: RM5 million) and RM4 million (1H2020: RM7 million) respectively as operations were impacted by the lockdown and reduced operation capacity with the MCO in place during most of 1H2021.

### **Property**

Segment revenue for 2Q2021 and 1H2021 were at RM23 million (2Q2020: RM9 million) and RM53 million (1H2020: RM22 million) respectively. The segment recorded a profit of RM1.1 million for 2Q2021 (2Q2020: loss of RM1.4 million) and RM6 million for 1H2021 (1H2020: loss of RM4 million) respectively. This was mainly attributable to higher revenue recognized from the development of the Megah Rise project.

### **Other operations**

Profits for 2Q2021 and 1H2021 were at RM252 million (2Q2020: RM287 million) and RM601 million (1H2020: RM460 million) respectively. Contributions from Wilmar for 2Q2021 and 1H2021 amounted to RM249 million (2Q2020: RM282 million) and RM594 million (1H2020: RM447 million) respectively.

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

Group pre-tax profit decreased by 68% to RM145 million for 2Q2021 (1Q2021: RM447 million). This was mainly attributable to a loss of RM72 million recorded at the *Grains and agribusiness* segment (1Q2021: RM124 million profit), and lower contribution from Wilmar by RM96 million to RM249 million (1Q2021: RM345 million).

**B3. Prospects**

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base effect. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures. For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. Growth was driven by higher private sector spending and strong trade activity.

Global agricultural commodity prices have risen substantially this year, particularly for food commodities. It is expected that the food commodity prices will remain highly volatile given the potential disruption of supply in major producing countries affected by poor weather and rising demand of the grains as more countries' economies start to reopen.

Performance of the *Grains and agribusiness* has been adversely impacted by the spike in commodity prices, particularly in the second quarter of this year. Gross Profit margin compression was seen across various sub-segments of the *Grains and agribusiness*. Management will continue to navigate the challenging situation in dealing with a highly volatile commodity market. Riding on the Group's experience in both the commercial and technical aspects, we aim to deliver an improved set of results for the following quarters.

The *Consumer products* segment is expected to perform satisfactorily as it continues to expand its market place through the food services channel and e-commerce platform.

The acceleration of the National Immunization Program (NIP) and the subsequent lifting of restrictions will be key for the recovery of the *Film exhibition and distribution* segment. During this transition period of the NIP, management will continue its efforts to expand online business initiatives pending the reopening of our enlarged cinema chain with the newly acquired cinema assets of the former MBO cinema circuit. Stringent cost control remains as our top priority to improve operating cash flow and financial performance.

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 continued to be impacted by the ongoing Movement Control Order. Management remains steadfast in working 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 the *Film exhibition and distribution* and *Property* segments. The *Grains and agribusiness* segment, which is in the production and distribution of staple food and services, is expected to ride through the challenging operating environment and to deliver a satisfactory set of results for the rest of the year. 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**

	2nd Quarter ended 30-Jun-21 RM'000	First Half ended 30-Jun-21 RM'000
Profit before taxation was stated after charging/(crediting):		
Interest income and income from short-term fund placements	(5,551)	(11,228)
Dividend income	(3,531)	(3,633)
Net foreign exchange gain	(4,469)	(6,564)
Net fair value loss on derivatives	105,363	57,102
Allowance for doubtful debts and receivables written off	1,344	2,361
Depreciation and amortisation	40,917	81,784
Interest expense on lease obligations	2,729	5,531
	<u>                    </u>	<u>                    </u>

**B6. Tax expense**

	2nd Quarter ended 30-Jun-21 RM'000	First Half ended 30-Jun-21 RM'000
Taxation comprises:		
Malaysian taxation		
Current	4,663	8,329
Deferred	(35,032)	(19,286)
	<u>                    </u>	<u>                    </u>
	(30,369)	(10,957)
Foreign taxation		
Current	457	3,065
Deferred	1,911	3,279
	<u>                    </u>	<u>                    </u>
	(28,001)	(4,613)
Under provision in prior years:		
Current	48	998
Deferred	39	66
	<u>                    </u>	<u>                    </u>
	<u><b>(27,914)</b></u>	<u><b>(3,549)</b></u>

**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 20 August 2021.

## B8. Group borrowings

Total Group borrowings as at 30 June 2021 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
<b>Long-term bank borrowings</b>			
Long-term bank loan	42,068	-	42,068
Long-term bank loan (VND)	14,922	14,922	-
Hire purchase financing	57	57	-
	<b>57,047</b>	<b>14,979</b>	<b>42,068</b>
<b>Short-term bank borrowings</b>			
Bills payable (IDR)	195,910	-	195,910
Short-term loan	312,100	-	312,100
Short-term loan (USD)	256,273	-	256,273
Short-term loan (VND)	118,448	1,327	117,121
Hire purchase financing	83	83	-
	<b>882,814</b>	<b>1,410</b>	<b>881,404</b>
Bank overdrafts	76	-	76
Bank overdrafts (IDR)	2,658	-	2,658
	<b>885,548</b>	<b>1,410</b>	<b>884,138</b>

## B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 30 June 2021:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	30,536	1,622
ii) Forward foreign currency contracts	110,205	757
<b>Total derivative assets</b>		<b>2,379</b>
<u>Derivative financial liabilities</u>		
i) Options contracts	1,198,101	103,406
ii) Futures contracts	1,071,756	36,532
iii) Forward foreign currency contracts	9,120	21
<b>Total derivative liabilities</b>		<b>139,959</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 2Q2021, unrealised fair value loss on derivative financial instruments amounted to RM99.7 million (2Q2020: RM1.0 million gain).

For 1H2021, unrealised fair value loss on derivative financial instruments amounted to RM45.1 million (1H2020: RM3.1 million).

**B10. Material litigation**

There was no material litigation as at 20 August 2021.

**B11. Dividend**

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2021 of 10 sen per share (2020: 8 sen per share) payable on Tuesday, 28 September 2021.

The entitlement and payment dates of the interim dividend are on 10 September 2021 and 28 September 2021 respectively.

**B12. Earnings per share**

	2nd Quarter ended		First Half ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	183,466	332,733	585,648	519,999
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	12.90	23.39	41.17	36.55

There were no potential dilutive ordinary shares outstanding as at 30 June 2021 and 30 June 2020. As a result, there were no diluted earnings per share for the financial period ended 30 June 2021 and 30 June 2020.

**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**  
**26 August 2021**

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