

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

**Unaudited Condensed Consolidated Income Statements For The Financial Year Ended
 31 December 2021**

	4th Quarter ended 31 December		12 Months ended 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,416,188	1,132,771	4,857,430	4,190,690
Operating expenses	(1,375,833)	(1,153,795)	(4,865,396)	(4,168,533)
Operating profit/(loss)	40,355	(21,024)	(7,966)	22,157
Other operating (loss)/income	(29,576)	13,392	(36,164)	80,753
Share of results of associates	490,483	415,292	1,573,326	1,343,138
Share of results of joint venture	944	465	4,317	3,568
Finance costs	(10,453)	(8,001)	(35,440)	(28,683)
Profit before taxation	491,753	400,124	1,498,073	1,420,933
Taxation	12,165	(10,587)	9,042	(57,511)
Profit for the period/year	503,918	389,537	1,507,115	1,363,422
Attributable to :				
Owners of the parent	502,555	385,389	1,496,111	1,316,961
Non-controlling interests	1,363	4,148	11,004	46,461
Profit for the period/year	503,918	389,537	1,507,115	1,363,422
Basic earnings per share (sen)	35.33	27.09	105.17	92.57

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

**Unaudited Condensed Consolidated Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2021**

	4th Quarter ended		12 Months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	503,918	389,537	1,507,115	1,363,422
Other comprehensive income, net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value (loss)/gain on investment in equity instruments designated as fair value through other comprehensive income	(21,836)	34,160	536	(49,601)
Share of associates' other comprehensive (loss)/income	(2,745)	8,351	2,161	(60,154)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	(94,039)	(670,700)	725,396	(400,832)
Share of associates' other comprehensive (loss)/income	124,863	533,772	174,949	530,013
Total comprehensive income	<u>510,161</u>	<u>295,120</u>	<u>2,410,157</u>	<u>1,382,848</u>
Attributable to :				
Owners of the parent	504,461	291,465	2,382,547	1,328,665
Non-controlling interests	5,700	3,655	27,610	54,183
Total comprehensive income	<u>510,161</u>	<u>295,120</u>	<u>2,410,157</u>	<u>1,382,848</u>

(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)]
Unaudited Condensed Consolidated Statements Of Financial Position

	As at 31-Dec-21 RM'000	As at 31-Dec-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,383,088	1,320,984
Investment properties	317,163	300,506
Right-of-use assets	306,022	254,461
Bearer plants	4,241	3,566
Land held for property development	100,470	100,178
Goodwill	71,201	71,201
Other intangible assets	11,945	7,704
Investment in associates	21,063,903	19,436,825
Investment in joint venture	28,433	22,549
Other investments	372,310	356,042
Deferred tax assets	44,007	14,605
Total non-current assets	23,702,783	21,888,621
Current assets		
Inventories	1,081,814	658,626
Biological assets	13,422	8,635
Property development costs	41,581	32,613
Trade receivables	715,063	597,145
Other receivables	411,422	265,910
Derivative financial assets	100,650	360
Current tax assets	34,111	11,407
Cash and cash equivalents	1,296,316	1,420,341
Total current assets	3,694,379	2,995,037
TOTAL ASSETS	27,397,162	24,883,658
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	23,002,174	21,389,435
Equity attributable to owners of the parent	24,431,488	22,818,749
Non-controlling interests	748,815	727,696
Total equity	25,180,303	23,546,445

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

	As at 31-Dec-21 RM'000	As at 31-Dec-20 RM'000
Non-current liabilities		
Borrowings	137,355	25,461
Lease obligations	265,835	239,307
Deferred tax liabilities	101,156	110,139
Provision for restoration cost	33,273	28,620
Total non-current liabilities	537,619	403,527
 Current liabilities		
Trade payables	325,814	211,514
Other payables	223,622	175,788
Derivative financial liabilities	107,383	54,009
Borrowings	965,230	455,798
Lease obligations	52,380	28,844
Provision for restoration cost	960	1,695
Current tax liabilities	3,851	6,038
Total current liabilities	1,679,240	933,686
 Total liabilities	2,216,859	1,337,213
 TOTAL EQUITY AND LIABILITIES	27,397,162	24,883,658

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

Unaudited Condensed Consolidated Statements Of Changes In Equity For The Financial Year Ended 31 December 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
<u>12 Months ended 31 December 2021</u>						
At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Total comprehensive income	-	868,619	1,513,928	2,382,547	27,610	2,410,157
Transfer of reserves	-	118,695	(118,695)	-	-	-
Dividends	-	-	(682,847)	(682,847)	(7,544)	(690,391)
Share of other changes in equity of associates	-	(86,961)	-	(86,961)	-	(86,961)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Realisation upon liquidation of subsidiaries	-	-	-	-	(1,567)	(1,567)
At 31 December 2021	1,429,314	4,277,355	18,724,819	24,431,488	748,815	25,180,303
<u>12 Months ended 31 December 2020</u>						
At 1 January 2020	1,429,314	2,825,928	17,180,017	21,435,259	695,532	22,130,791
Total comprehensive income	-	26,010	1,302,655	1,328,665	54,183	1,382,848
Transfer of reserves	-	29,233	(29,233)	-	-	-
Dividends	-	-	(441,006)	(441,006)	(26,164)	(467,170)
Share of other changes in equity of associates	-	495,831	-	495,831	-	495,831
Issue of shares to non-controlling interest	-	-	-	-	4,145	4,145
At 31 December 2020	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445

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

**Unaudited Condensed Consolidated Statements Of Cash Flows
For The Financial Year Ended 31 December 2021**

	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,498,073	1,420,933
Adjustments:		
Non-cash items	(1,495,230)	(1,141,821)
Non-operating items	(11,321)	(11,301)
Operating profit before working capital changes	<u>(8,478)</u>	<u>267,811</u>
Working capital changes:-		
Net change in current assets	(578,292)	78,422
Net change in current liabilities	160,452	(278,170)
Cash used in operations	<u>(426,318)</u>	<u>68,063</u>
Tax paid	(53,912)	(70,346)
Net cash used in operating activities	(480,230)	(2,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(222,113)	(126,453)
Proceeds from disposal of property, plant and equipment	5,180	1,148
Purchase of investments	(134,702)	(108,148)
Proceeds from disposal of investment	75,895	438
Dividends received	784,584	509,565
Income received from short-term fund placements	16,316	28,540
Interest received	4,551	7,050
Advances to associates	(54,798)	(1,892)
Distribution of profit from joint venture	8,106	7,668
Proceeds from liquidation of an associate	10,321	-
Net cash generated from investing activities	493,340	317,916
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	611,131	129,982
Interest paid	(23,876)	(17,403)
Dividends paid	(690,391)	(467,170)
Payment of lease obligations	(41,187)	(43,018)
Shares issued to non-controlling interest of a subsidiary	2,620	4,145
Net cash used in financing activities	(141,703)	(393,464)
Net decrease in cash and cash equivalents	(128,593)	(77,831)
Cash and cash equivalents brought forward	1,420,202	1,500,570
Effect of exchange rate changes	4,707	(2,537)
Cash and cash equivalents carried forward	<u>1,296,316</u>	<u>1,420,202</u>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	297,790	257,053
Bank deposits	156,710	224,869
Short-term fund placements	841,816	938,419
Bank overdrafts	-	(139)
	<u>1,296,316</u>	<u>1,420,202</u>

(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 Amendments to MFRS 9, MFRS 7 and MFRS 16 - Interest Rate Benchmark Reform- Phase 2 which is effective for financial periods beginning on or after 1 January 2021.

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 year ended 31 December 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 financial year.

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

There were no issuance 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. Dividends paid

During the financial year 2021, a final dividend of 22 sen per share and a special dividend of 16 sen per share in respect of financial year ended 31 December 2020 were paid on 1 June 2021. An interim dividend of 10 sen per share in respect of financial year ended 31 December 2021 was paid on 28 September 2021.

A7. Segmental reporting

Performance of the Group's business segments for the financial year ended 31 December 2021 is as follows :

Business segments: 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>
REVENUE								
External revenue	3,688,799	643,798	116,470	204,635	114,267	89,461	-	4,857,430
Inter-segment sales	81,833	1,385	-	208	763	156	(84,345)	-
Total revenue	<u>3,770,632</u>	<u>645,183</u>	<u>116,470</u>	<u>204,843</u>	<u>115,030</u>	<u>89,617</u>	<u>(84,345)</u>	<u>4,857,430</u>
RESULTS								
Segment results	(21,272)	8,671	(105,331)	(4,146)	18,190	54,084	-	(49,804)
Share of results of associates	82,794	(2,128)	(7,947)	476	(3,365)	1,503,496	-	1,573,326
Share of results of joint venture	-	-	-	4,317	-	-	-	4,317
Unallocated corporate expenses	-	-	-	-	-	-	-	(29,766)
Profit/(Loss) before taxation	<u>61,522</u>	<u>6,543</u>	<u>(113,278)</u>	<u>647</u>	<u>14,825</u>	<u>1,557,580</u>	<u>-</u>	<u>1,498,073</u>

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

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 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 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	61,786
- not contracted	381,445
	<hr/> 443,231
Other commitments	
- contracted	382,021
- not contracted	6,814
	<hr/> 388,835
Total	<hr/> 832,066 <hr/>

A12. Significant related party transactions

Significant related party transactions during the financial year ended 31 December 2021 are as follows:

	RM'000
Transactions with associates	
- Film rental income	2,019
- Sales of goods	1,340
- Purchase of goods	8,933
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Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	2,256
- Sales of goods	47,393
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Transactions with subsidiaries of associates	
- Purchase of goods	459,643
- Sales of goods	160,327
- Rental income	3,333
- Other services expense	13,571
- IT services expenses	1,311
- Supervision fees income	1,679
- Freight cost	185,936
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B1. Performance analysis

Group financial performance by business segment

Business segments: 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>4Q2021</u>								
REVENUE								
External revenue	1,040,350	162,871	72,356	55,415	44,385	40,811	-	1,416,188
Inter-segment sales	20,277	912	-	5	200	28	(21,422)	-
Total revenue	1,060,627	163,783	72,356	55,420	44,585	40,839	(21,422)	1,416,188
RESULTS								
Segment results	(33,926)	4,460	(10,490)	(2,194)	11,486	39,029	-	8,365
Share of results of associates	20,193	(264)	(2,879)	100	(1,742)	475,075	-	490,483
Share of results of joint venture	-	-	-	944	-	-	-	944
Unallocated corporate expenses	-	-	-	-	-	-	-	(8,039)
(Loss)/Profit before taxation	(13,733)	4,196	(13,369)	(1,150)	9,744	514,104	-	491,753
<u>4Q2020</u>								
REVENUE								
External revenue	839,303	156,184	8,990	83,936	29,706	14,652	-	1,132,771
Inter-segment sales	20,050	97	-	200	258	28	(20,633)	-
Total revenue	859,353	156,281	8,990	84,136	29,964	14,680	(20,633)	1,132,771
RESULTS								
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)
Profit/(Loss) before taxation	40,868	12,258	(46,443)	3,086	4,378	391,195	-	400,124
Variance								
Revenue (%)	23%	5%	n.m	-34%	49%	n.m	-4%	25%
Profit/(Loss) before taxation (%)	n.m	-66%	71%	n.m	n.m	31%	-	23%

n.m - not meaningful

B1. Performance analysis

Group financial performance by business segment

Business segments: 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>FY2021</u>								
REVENUE								
External revenue	3,688,799	643,798	116,470	204,635	114,267	89,461	-	4,857,430
Inter-segment sales	81,833	1,385	-	208	763	156	(84,345)	-
Total revenue	3,770,632	645,183	116,470	204,843	115,030	89,617	(84,345)	4,857,430
RESULTS								
Segment results	(21,272)	8,671	(105,331)	(4,146)	18,190	54,084	-	(49,804)
Share of results of associates	82,794	(2,128)	(7,947)	476	(3,365)	1,503,496	-	1,573,326
Share of results of joint venture	-	-	-	4,317	-	-	-	4,317
Unallocated corporate expenses	-	-	-	-	-	-	-	(29,766)
Profit/(Loss) before taxation	61,522	6,543	(113,278)	647	14,825	1,557,580	-	1,498,073
<u>FY2020</u>								
REVENUE								
External revenue	3,135,779	627,681	114,255	188,912	66,078	57,985	-	4,190,690
Inter-segment sales	84,805	594	-	631	968	3,308	(90,306)	-
Total revenue	3,220,584	628,275	114,255	189,543	67,046	61,293	(90,306)	4,190,690
RESULTS								
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)
Profit/(Loss) before taxation	271,682	31,548	(135,598)	14,382	3,940	1,263,906	-	1,420,933
Variance								
Revenue (%)	17%	3%	2%	8%	72%	46%	7%	16%
Profit/(Loss) before taxation (%)	-77%	-79%	16%	-96%	n.m	23%	-	5%

n.m - not meaningful

Group performance review

For the fourth quarter of 2021, the Group achieved a total revenue of RM1.42 billion, 25% higher as compared to the previous corresponding period, the increase was mainly attributable to higher revenue recorded at the *Grains and agribusiness* and *Film exhibition and distribution* segments. Pre-tax profit was higher by 23% at RM492 million in comparison to RM400 million recorded in the fourth quarter of 2020. The higher profit was mainly attributable to higher contribution from Wilmar International Limited (“Wilmar”) by 23% to RM476 million and lower losses recorded at the *Film exhibition and distribution* segment at RM13 million (4Q2020: RM46 million), partially offset by losses recorded at the *Grains and agribusiness* segment at RM13.7 million (4Q2020: profit of RM41 million).

For financial year 2021, Group revenue increased by 16% to RM4.86 billion, all core segments recorded higher revenue. Group pre-tax profit increased by 5% to RM1.50 billion (FY2020: RM1.42 billion). Contribution from Wilmar increased by 21% to RM1.50 billion (FY2020 : RM1.24 billion), this was partially offset by core group loss at RM4 million (FY2020: profit of RM179 million) mainly attributable to a 77% decrease in profit from *Grains and agribusiness* segment.

Grains and agribusiness

Segment revenue for 4Q2021 and FY2021 was higher by 23% and 17% to RM1.06 billion and RM3.77 billion respectively. The segment recorded a loss of RM14 million in the fourth quarter of 2021 (4Q2020: profit of RM41 million).

For financial year 2021, the segment recorded lower profit at RM62 million as compared to RM272 million achieved in the previous financial year. Segment performance was affected by higher raw material costs of flour, feed and maize products, with limited price-in mechanism; in addition, fair value loss on derivative instruments for hedging purposes amounted to RM109 million (FY2020: gain of RM3.7 million).

Consumer products

Segment revenue and profit for 4Q2021 was at RM164 million (4Q2020: RM156 million) and RM4 million (4Q2020: RM12 million).

For FY2021 segment revenue was higher at RM645 million (FY2020: RM628 million). Segment profit for FY2021 was at RM6.5 million (FY2020: RM32 million). Excluding the effect of a one-off gain on step-acquisition of an associate amounting to RM21 million in FY2020, segment performance was weaker as a result of increased product and distribution costs.

Film exhibition and distribution

Segment revenue for 4Q2021 and FY2021 was at RM72 million (4Q2020: RM9 million) and RM116 million (FY2020: RM114 million) respectively.

For 4Q2021 and FY2021, the segment recorded lower losses at RM13 million (4Q2020: RM46 million) and RM113 million (FY2020: RM136 million) respectively, driven primarily by higher contribution from box office collections in 4Q2021 as well as various cost control measures implemented during the year. Cinema operations were significantly impacted by the intermittent cinema closures since the second quarter of FY2020 as the country imposed nationwide containment measures to contain the Covid-19 pandemic.

Environmental engineering and utilities

Segment revenue for 4Q2021 and FY2021 was at RM55 million (4Q2020: RM84 million) and RM205 million (FY2020: RM190 million) respectively.

The segment recorded a loss of RM1.1 million for 4Q2021 (4Q2020: profit of RM3.1 million) and profit of RM647,000 for FY2021 (FY2020: RM14 million). Performance in FY2021 was affected by a loss on divestment of a 40% associate involved in landfill operations amounting to RM4 million. Contribution from the said associate immediately prior to the divestment was at a loss of RM526,000 as compared to a profit of RM5.1 million recorded in the previous financial year.

Property

For 4Q2021, segment revenue and profit was higher at RM45 million (4Q2020: RM30 million) and RM10 million (4Q2020: RM4 million) respectively. For FY2021, segment revenue and profit increased to RM115 million (FY2020: RM67 million) and RM15 million (FY2020: RM4 million) respectively. The improvement in profit was mainly attributable to new sales and progressive profit recognition of the Megah Rise development project.

Other operations

Profit for 4Q2021 and FY2021 amounted to RM514 million (4Q2020: RM391 million) and RM1.56 billion (FY2020: RM1.26 billion) respectively. Contributions from Wilmar for 4Q2021 and FY2021 were at RM476 million (4Q2020: RM387 million) and RM1.50 billion (FY2020: RM1.24 billion) respectively.

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

Group pre-tax profit was significantly higher at RM492 million for 4Q2021 (3Q2021: RM415 million). This was mainly attributable to higher contribution from Wilmar by RM44 million to RM476 million (3Q2021: RM432 million) and lower losses from the *Film exhibition and distribution* segment by RM28 million to RM13 million (3Q2021: RM41 million).

B3. Prospects

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021. Growth was supported mainly by an improvement in domestic demand as economic activities began to recover following the easing of containment measures under the National Recovery Plan.

For 2022, the Malaysian economy is expected to remain on its recovery path. We expect growth to be supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and on-going public policy support. The continuation of major investment projects in both the private and public sectors will also support growth. However, the on-going Russia-Ukraine geopolitical tension will add more uncertainty and disruption to the commodity market and global supply chain.

Performance of the *Grains and agribusiness* segment was adversely affected by the unprecedented high raw materials costs caused by global supply shocks and supply chain disruptions. Going into 2022, we expect margin pressures to remain, as volatile commodity market prices and elevated freight costs persist. We continue to optimise operational efficiencies through our Group's extensive grain procurement experience and technical competency to mitigate the impact of rising raw materials and operating costs.

The *Consumer products* segment is facing higher production costs following the increase in commodity prices and logistics costs. Notwithstanding the rising costs, this segment is expected to perform satisfactorily as it continues to expand its market reach through the food services channel and e-commerce platform.

The *Film exhibition and distribution* segment had a strong close in the fourth quarter. The strong movie titles lined up and the relaxation of Covid-19 SOP contributed to the improvement in cinema admissions.

Improved performance from the expanded cinema circuit following the completion of the acquisition of the former MBO assets in September 2021 is expected to contribute positively to *Film exhibition and distribution* segment and will accelerate the recovery of this segment. Management remains cautious in spending during the transition to normalcy and will continue to explore revenue diversification in its efforts to build operation resiliency.

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

The *Property* segment is set to a gradual recovery. We are on target to complete the development of the Megah Rise project in quarter 2 of 2022.

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-21 RM'000	12 months ended 31-Dec-21 RM'000
Profit before taxation was stated after charging/(crediting):		
Interest income and income from short-term fund placements	(5,366)	(21,723)
Dividend income	(19,700)	(25,038)
Net foreign exchange loss/(gain)	1,490	(10,272)
Net fair value loss on derivatives	57,866	111,118
Net impairment of receivables	(1,505)	2,622
Depreciation and amortisation	46,316	168,771
Interest expense on lease obligations	3,188	11,370
	<u>3,188</u>	<u>11,370</u>

B6. Tax expense

	4th Quarter ended 31-Dec-21 RM'000	12 months ended 31-Dec-21 RM'000
Taxation comprises:		
Malaysian taxation		
Current tax expense	23,932	23,567
Deferred tax credit	(34,689)	(40,535)
	<u>(10,757)</u>	<u>(16,968)</u>
Foreign taxation		
Current tax expense	637	4,886
Deferred tax credit/expense	(1,663)	2,447
	<u>(11,783)</u>	<u>(9,635)</u>
(Over)/under provision in prior years:		
Current tax	(435)	560
Deferred tax	53	33
	<u>(12,165)</u>	<u>(9,042)</u>

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 22 February 2022.

B8. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	114,027	44,500	69,527
Long-term bank loan (VND)	23,314	23,314	-
Hire purchase financing	14	14	-
	137,355	67,828	69,527
Short-term bank borrowings			
Bills payable (IDR)	224,256	-	224,256
Short-term loan	98,000	38,000	60,000
Short-term loan (USD)	451,388	-	451,388
Short-term loan (VND)	191,501	-	191,501
Hire purchase financing	85	85	-
	965,230	38,085	927,145

B9. Derivative financial instruments

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

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	1,291,799	100,567
ii) Forward foreign currency contracts	291,882	83
Total derivative assets		100,650
<u>Derivative financial liabilities</u>		
i) Options contracts	1,539,423	104,182
ii) Futures contracts	51,024	408
iii) Forward foreign currency contracts	77,145	2,793
Total derivative liabilities		107,383

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 the fourth quarter of 2021, unrealised fair value gain on derivative financial instruments amounted to RM54.8 million (4Q2020: RM1.1 million loss).

For the financial year 2021, unrealised fair value gain on derivative financial instruments amounted to RM67.7 million (FY2020: RM13.8 million loss).

B10. Material litigation

There was no material litigation as at 22 February 2022.

B11. Dividend

The Board of Directors is pleased to recommend a proposed final dividend of 25 sen per share for the financial year ended 31 December 2021 (2020: Final dividend of 22 sen per share and a special dividend of 16 sen per share) payable on Wednesday, 1 June 2022 subject to approval of shareholders at the 53rd Annual General Meeting scheduled to be held on Thursday, 12 May 2022.

Together with the interim dividend of 10 sen per share paid on 28 September 2021, total dividends paid and payable for the financial year ended 31 December 2021 would amount to 35 sen per share (2020 - Interim: 8 sen per share; Final: 22 sen per share; Special: 16 sen per share).

The proposed final dividend is payable on Wednesday, 1 June 2022 to shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 17 May 2022.

B12. Earnings per share

	4th Quarter ended		12 Months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	502,555	385,389	1,496,111	1,316,961
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	35.33	27.09	105.17	92.57

There were no potential dilutive ordinary shares outstanding as at 31 December 2021 and 31 December 2020. As such, there were no diluted earnings per share for the financial year ended 31 December 2021 and 31 December 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
28 February 2022

By Order of the Board
Mah Teck Keong
Company Secretary