

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2022**

**Unaudited Condensed Consolidated Income Statements For The Financial Period Ended**  
**31 March 2022**

	1st Quarter ended 31 March		3 Months ended 31 March	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	1,381,675	1,117,739	1,381,675	1,117,739
Operating expenses	(1,377,185)	(1,108,367)	(1,377,185)	(1,108,367)
Operating profit	4,490	9,372	4,490	9,372
Other operating (loss)/income	(169,621)	63,201	(169,621)	63,201
Share of results of associates	415,646	379,897	415,646	379,897
Share of results of joint venture	1,335	1,156	1,335	1,156
Finance costs	(12,760)	(7,018)	(12,760)	(7,018)
<b>Profit before taxation</b>	<b>239,090</b>	<b>446,608</b>	<b>239,090</b>	<b>446,608</b>
Tax credit/(expense)	42,822	(24,365)	42,822	(24,365)
<b>Profit for the period</b>	<b>281,912</b>	<b>422,243</b>	<b>281,912</b>	<b>422,243</b>
Attributable to :				
Owners of the parent	303,159	402,182	303,159	402,182
Non-controlling interests	(21,247)	20,061	(21,247)	20,061
<b>Profit for the period</b>	<b>281,912</b>	<b>422,243</b>	<b>281,912</b>	<b>422,243</b>
Basic earnings per share (sen)	21.31	28.27	21.31	28.27

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

**Unaudited Condensed Consolidated Statements Of Comprehensive Income  
For The Financial Period Ended 31 March 2022**

	1st Quarter ended 31 March		3 Months ended 31 March	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit for the period</b>	<b>281,912</b>	<b>422,243</b>	<b>281,912</b>	<b>422,243</b>
Other comprehensive income, net of tax				
<b><u>Items that will not be subsequently reclassified to profit or loss</u></b>				
Fair value (loss)/gain on investment in equity instruments designated as fair value through other comprehensive income	(6,082)	56,861	(6,082)	56,861
Share of associates' other comprehensive loss	(29,781)	(21,928)	(29,781)	(21,928)
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations	213,690	618,015	213,690	618,015
Share of associates' other comprehensive loss	(96,622)	(81,013)	(96,622)	(81,013)
<b>Total comprehensive income</b>	<b><u>363,117</u></b>	<b><u>994,178</u></b>	<b><u>363,117</u></b>	<b><u>994,178</u></b>
Attributable to :				
Owners of the parent	379,456	969,095	379,456	969,095
Non-controlling interests	(16,339)	25,083	(16,339)	25,083
<b>Total comprehensive income</b>	<b><u>363,117</u></b>	<b><u>994,178</u></b>	<b><u>363,117</u></b>	<b><u>994,178</u></b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

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

	As at 31-Mar-22 RM'000	As at 31-Dec-21 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,361,490	1,383,088
Investment properties	324,638	317,163
Right-of-use assets	365,560	306,022
Bearer plants	4,455	4,241
Land held for property development	100,545	100,470
Goodwill	71,201	71,201
Other intangible assets	9,327	11,945
Investment in associates	21,563,916	21,063,903
Investment in joint venture	30,103	28,433
Other investments	366,264	372,310
Deferred tax assets	96,015	44,007
<b>Total non-current assets</b>	<b>24,293,514</b>	<b>23,702,783</b>
<b>Current assets</b>		
Inventories	1,178,092	1,081,814
Biological assets	17,545	13,422
Property development costs	40,807	41,581
Trade receivables	753,372	715,063
Other receivables	453,712	411,422
Derivative financial assets	1,937	100,650
Current tax assets	35,889	34,111
Cash and cash equivalents	1,446,152	1,296,316
<b>Total current assets</b>	<b>3,927,506</b>	<b>3,694,379</b>
<b>TOTAL ASSETS</b>	<b>28,221,020</b>	<b>27,397,162</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	23,391,514	23,002,174
<b>Equity attributable to owners of the parent</b>	<b>24,820,828</b>	<b>24,431,488</b>
Non-controlling interests	732,476	748,815
<b>Total equity</b>	<b>25,553,304</b>	<b>25,180,303</b>

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

	<b>As at 31-Mar-22 RM'000</b>	<b>As at 31-Dec-21 RM'000</b>
<b>Non-current liabilities</b>		
Borrowings	69,082	67,828
Lease obligations	342,088	282,241
Deferred tax liabilities	104,026	101,156
Provision for restoration cost	33,273	33,273
<b>Total non-current liabilities</b>	<b>548,469</b>	<b>484,498</b>
<b>Current liabilities</b>		
Trade payables	336,534	325,814
Other payables	230,736	223,622
Derivative financial liabilities	65,324	107,383
Borrowings	1,443,756	1,034,757
Lease obligations	37,880	35,974
Provision for restoration cost	960	960
Current tax liabilities	4,057	3,851
<b>Total current liabilities</b>	<b>2,119,247</b>	<b>1,732,361</b>
<b>Total liabilities</b>	<b>2,667,716</b>	<b>2,216,859</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,221,020</b>	<b>27,397,162</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

**Unaudited Condensed Consolidated Statements Of Changes In Equity For The Financial Period Ended 31 March 2022**

	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 2022</u></b>						
At 1 January 2022	1,429,314	4,277,355	18,724,819	24,431,488	748,815	25,180,303
Total comprehensive income	-	83,091	296,365	379,456	(16,339)	363,117
Transfer of reserves	-	100,386	(100,386)	-	-	-
Share of other changes in equity of associates	-	9,884	-	9,884	-	9,884
At 31 March 2022	1,429,314	4,470,716	18,920,798	24,820,828	732,476	25,553,304
<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)	-	-	-
At 31 March 2021	1,429,314	4,053,219	18,305,311	23,787,844	752,779	24,540,623

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

**Unaudited Condensed Consolidated Statements Of Cash Flows  
For The Financial Period Ended 31 March 2022**

	<b>3 months ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>239,090</b>	<b>446,608</b>
Adjustments:		
Non-cash items	(250,904)	(411,573)
Non-operating items	8,557	1,239
Operating profit before working capital changes	<u>(3,257)</u>	<u>36,274</u>
Working capital changes:-		
Net change in current assets	(239,379)	(108,501)
Net change in current liabilities	22,504	46,157
Cash used in operations	<u>(220,132)</u>	<u>(26,070)</u>
Tax paid	<u>(8,212)</u>	<u>(19,635)</u>
<b>Net cash used in operating activities</b>	<b>(228,344)</b>	<b>(45,705)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of property, plant and equipment, investment properties, biological assets and other intangible assets	(30,288)	(32,737)
Proceeds from disposal of property, plant and equipment	2,411	1,490
Investments in associates	-	(27,378)
Proceeds from disposal of a subsidiary	8,931	-
Dividends received	7,223	11,135
Income received from short-term fund placements	3,241	4,510
Interest received	695	973
Advances to associates	(1,342)	(441)
Proceeds from liquidation of an associate	-	10,321
<b>Net cash used in investing activities</b>	<b>(9,129)</b>	<b>(32,127)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	406,837	79,242
Interest paid	(9,193)	(4,179)
Payment of lease obligations	(9,370)	(4,093)
<b>Net cash generated from financing activities</b>	<b>388,274</b>	<b>70,970</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>150,801</b>	<b>(6,862)</b>
Cash and cash equivalents brought forward	1,296,316	1,420,202
Effect of exchange rate changes	(965)	3,674
<b>Cash and cash equivalents carried forward</b>	<b><u>1,446,152</u></b>	<b><u>1,417,014</u></b>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	785,678	303,776
Bank deposits	147,490	232,687
Short-term fund placements	512,984	880,551
	<b><u>1,446,152</u></b>	<b><u>1,417,014</u></b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

## **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 2021 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2022 :

- Amendments to MFRS 3 : Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets : Onerous Cost of Fulfilling a Contract
- Annual improvements to MFRS Standards 2018 - 2020

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 2022.

### **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 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 period to-date.

### **A6. Dividends paid**

No dividend was paid during the financial period under review.

**A7. Segmental reporting**

Performance of the Group's business segments for the financial period ended 31 March 2022 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	1,044,329	183,490	63,943	33,398	35,292	21,223	-	1,381,675
Inter-segment sales	27,520	678	-	37	201	28	(28,464)	-
<b>Total revenue</b>	<b><u>1,071,849</u></b>	<b><u>184,168</u></b>	<b><u>63,943</u></b>	<b><u>33,435</u></b>	<b><u>35,493</u></b>	<b><u>21,251</u></b>	<b><u>(28,464)</u></b>	<b><u>1,381,675</u></b>
<b>RESULTS</b>								
Segment results	(161,035)	7,120	(28,734)	(1,171)	9,225	3,797	-	(170,798)
Share of results of associates	22,729	(150)	(1,172)	294	(72)	394,017	-	415,646
Share of results of joint venture	-	-	-	1,335	-	-	-	1,335
Unallocated corporate expenses	-	-	-	-	-	-	-	(7,093)
<b>(Loss)/Profit before taxation</b>	<b><u>(138,306)</u></b>	<b><u>6,970</u></b>	<b><u>(29,906)</u></b>	<b><u>458</u></b>	<b><u>9,153</u></b>	<b><u>397,814</u></b>	<b><u>-</u></b>	<b><u>239,090</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 period that have not been reflected in the financial statements under review.

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

Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company had on 24 February 2022 disposed off its 100%-equity interest in Sitamas Environmental Systems Sdn Bhd for a consideration of RM9 million. A gain on disposal amounting to RM262,000 was recorded in the interim financial statements.

Except for the above, 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 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 March 2022 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	75,441
- not contracted	382,904
	<u>458,345</u>
Other commitments	
- contracted	374,363
<b>Total</b>	<b><u><u>832,708</u></u></b>

**A12. Significant related party transactions**

Significant related party transactions during the financial period ended 31 March 2022 are as follows:

	RM'000
Transactions with associates	
- Sales of goods	5,101
- Purchase of goods	2,239
	<u>12,442</u>
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	12,442
Transactions with subsidiaries of associates	
- Purchase of goods	101,663
- Sales of goods	58,111
- Other services expenses	3,959
- Freight cost	62,192
	<u>62,192</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>1Q2022</u>								
<b>REVENUE</b>								
External revenue	1,044,329	183,490	63,943	33,398	35,292	21,223	-	1,381,675
Inter-segment sales	27,520	678	-	37	201	28	(28,464)	-
Total revenue	<u>1,071,849</u>	<u>184,168</u>	<u>63,943</u>	<u>33,435</u>	<u>35,493</u>	<u>21,251</u>	<u>(28,464)</u>	<u>1,381,675</u>
<b>RESULTS</b>								
Segment results	(161,035)	7,120	(28,734)	(1,171)	9,225	3,797	-	(170,798)
Share of results of associates	22,729	(150)	(1,172)	294	(72)	394,017	-	415,646
Share of results of joint venture	-	-	-	1,335	-	-	-	1,335
Unallocated corporate expenses	-	-	-	-	-	-	-	(7,093)
(Loss)/Profit before taxation	<u>(138,306)</u>	<u>6,970</u>	<u>(29,906)</u>	<u>458</u>	<u>9,153</u>	<u>397,814</u>	<u>-</u>	<u>239,090</u>
<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)	-
Total revenue	<u>865,743</u>	<u>156,210</u>	<u>22,087</u>	<u>47,300</u>	<u>29,960</u>	<u>17,676</u>	<u>(21,237)</u>	<u>1,117,739</u>
<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)
Profit/(Loss) before taxation	<u>123,578</u>	<u>(1,382)</u>	<u>(24,902)</u>	<u>2,078</u>	<u>4,750</u>	<u>348,733</u>	<u>-</u>	<u>446,608</u>
<b>Variance</b>								
Revenue (%)	24%	18%	n.m.	-29%	18%	20%	-34%	24%
Profit/(Loss) before taxation (%)	n.m.	n.m.	-20%	-78%	93%	14%	-	-46%

n.m. - not meaningful

**Group performance review**

The Group achieved total revenue of RM1.38 billion for 1Q2022, an increase of 24% as compared to RM1.12 billion in 1Q2021. All key segments contributed positively to the increase in group revenue.

For 1Q2022, the Group recorded a lower pre-tax profit at RM239 million, 46% lower as compared to RM447 million reported in 1Q2021. This was mainly due to losses recorded in *Grains and agribusiness* segment at RM138 million (1Q2021: profit of RM124 million), partially offset by the higher contribution from Wilmar International Limited (“Wilmar”) by 14% to RM394 million (1Q2021: RM345 million).

**Grains and agribusiness**

Segment revenue increased by 24% to RM1.04 billion (1Q2021: RM845 million) with higher revenue recorded by all sub-segments.

For 1Q2022, the segment recorded a loss of RM138 million as compared to a profit of RM124 million achieved in 1Q2021. The losses were mainly attributable to fair value losses on derivatives instruments for hedging purposes as well as increase in raw material costs.

**Consumer products**

Segment revenue increased by 18% to RM183 million (1Q2021: RM156 million) mainly attributed to higher sales of bakery products.

The segment turnaround with a profit of RM7.0 million in 1Q2022 (1Q2021: loss of RM1.4 million). This was mainly attributable to improved performance in the bakery division and higher sales of other fast-moving consumer products.

**Film exhibition and distribution**

Segment revenue for 1Q2022 increased threefold to RM64 million (1Q2021: RM22 million).

However, the segment reported a loss at RM30 million (1Q2021: RM25 million). Cinema operating costs were higher in 1Q2022 with the resumption of cinema operations, whereas cinemas were closed for most of 1Q2021 as the country was placed under the movement control order.

**Environmental engineering and utilities**

Segment revenue and profit for 1Q2022 were lower at RM33 million (1Q2021: RM47 million) and RM458,000 (1Q2021: RM2.1 million) respectively. This was mainly attributable to lower project revenue recognised, higher raw material costs and new projects secured being at the early stages of work.

**Property**

Segment revenue and profit for 1Q2022 was at RM35 million (1Q2021: RM30 million) and RM9 million (1Q2021: RM5 million) respectively. The improvement in profit was mainly attributable to new sales and progressive profit recognition of the Megah Rise development project, as well as improved mall business performance.

**Other operations**

For 1Q2022, segment profit increased by 14% to RM398 million (1Q2021: RM349 million). Contributions from Wilmar for 1Q2022 increased by 14% to RM394 million (1Q2021: RM345 million).

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

Group pre-tax profit was lower at RM239 million for 1Q2022 (4Q2021: RM492 million). This was mainly attributable to higher losses in *Grains and agribusiness* segment at RM138 million (4Q2021: RM14 million) and lower contribution from Wilmar by RM82 million to RM394 million (4Q2021: RM476 million).

## **B3. Prospects**

The Malaysian economy registered a growth of 5.0% in the first quarter of 2022, supported mainly by the improving domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the job market, as well as continued policy support.

The domestic economy is expected to improve further in 2022, with growth projected at between 5.3% to 6.3%. This is underpinned by stronger domestic demand, continued expansion in external demand, and further improvements in the labour market.

However, we expect the *Grains and agribusiness* segment to experience further profit margin erosions, as food commodity prices and operating costs are expected to stay high as a result of the challenging global macroeconomic conditions and on-going Russian-Ukraine conflict. The segment is making every effort to mitigate such losses through alternative origins of grain sourcing and leveraging on our technical expertise in formulations and product performance, nonetheless price increase of our core products would be inevitable to address the impact of cost escalation.

The *Consumer Products* segment will continue to face high product and labour costs. Nevertheless, the segment is expected to perform satisfactorily with the increase in consumer demand as the country enters the endemic phase.

The *Film exhibition and distribution* segment started the year on a stronger footing with cinema admissions improving significantly year-on-year. The continued easing of Covid-19 SOPs coupled with a strong movie line-up for the summer releases are expected to contribute positively to the segment going into the second half of the year. Management will remain focused in driving operational cost efficiency and revenue diversification.

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 is expected to improve with a gradual recovery in our mall operations. The Megah Rise development project is scheduled to be completed by 2Q2022.

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-22  
RM'000

Profit before taxation was stated after charging/(crediting):

Interest income and income from short-term fund placements	(4,132)
Dividend income	(71)
Net foreign exchange gain	(1,150)
Net fair value loss on derivatives	188,011
Net write back of impairment on receivables	(882)
Depreciation and amortisation	50,223
Interest expense on lease obligations	3,719
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**B6. Tax (credit)/expense**

1st Quarter  
ended  
31-Mar-22  
RM'000

Taxation based on the profit for the financial period:

Malaysian taxation	(45,446)
Foreign taxation	3,946
(Over)/under provision in prior years:	
Current tax	122
Deferred tax	(1,444)
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	<b>(42,822)</b>
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**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 25 May 2022.

**B8. Group borrowings**

Total Group borrowings as at 31 March 2022 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	44,500	44,500	-
Long-term bank loan (VND)	24,582	24,582	-
	<b>69,082</b>	<b>69,082</b>	<b>-</b>
Short-term bank borrowings			
Revolving credit	192,056	58,000	134,056
Revolving credit (IDR)	327,867	-	327,867
Short-term loan	89,600	-	89,600
Short-term loan (USD)	605,253	-	605,253
Short-term loan (VND)	228,901	-	228,901
Hire purchase financing	79	79	-
	<b>1,443,756</b>	<b>58,079</b>	<b>1,385,677</b>

**B9. Derivative financial instruments**

(a) Derivative financial assets and financial liabilities as at 31 March 2022:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	3,569	167
ii) Forward foreign currency contracts	652,177	1,770
<b>Total derivative assets</b>		<b>1,937</b>
<u>Derivative financial liabilities</u>		
i) Options contracts	668,903	4,579
ii) Futures contracts	865,070	59,800
iii) Forward foreign currency contracts	388,290	945
<b>Total derivative liabilities</b>		<b>65,324</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 operations.

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.

Since the end of the previous financial year ended 31 December 2021, food commodity prices have continued to increase significantly as a result of the challenging global macroeconomic conditions and the on-going Russia-Ukraine conflict. The Group will continue to monitor closely the market volatilities and take appropriate measures to mitigate such risks.

There have been no other significant changes 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 1st quarter of 2022, unrealised fair value loss on derivative financial instruments amounted to RM52.4 million (1Q2021: RM54.6 million gain).

**B10. Material litigation**

There was no material litigation as at 25 May 2022.

**B11. Dividend**

At the 53rd Annual General Meeting on 12 May 2022, shareholders approved a final dividend of 25 per share for the financial year ended 31 December 2021, to be paid on 1 June 2022.

The Directors do not recommend the payment of any dividend for the first quarter of 2022.

**B12. Earnings per share**

	1st Quarter ended 31 March		3 Months ended 31 March	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the period	303,159	402,182	303,159	402,182
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	21.31	28.27	21.31	28.27

There were no potential dilutive ordinary shares outstanding as at 31 March 2022 and 31 March 2021. As such, there were no diluted earnings per share for the financial period ended 31 March 2022 and 31 March 2021.

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

The auditors' report for the financial year ended 31 December 2021 was not subject to any qualification.

**Kuala Lumpur**  
**31 May 2022**

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