

PPB GROUP BERHAD [196801000571 (8167-W)]
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2022

Unaudited Condensed Consolidated Income Statements For The Financial Period Ended
30 June 2022

	2nd Quarter ended		6 Months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,577,314	1,082,928	2,958,989	2,200,667
Operating expenses	(1,501,938)	(1,100,072)	(2,879,123)	(2,208,439)
Operating profit/(loss)	75,376	(17,144)	79,866	(7,772)
Other operating income/(loss)	61,743	(91,327)	(107,878)	(28,126)
Share of results of associates	628,496	260,324	1,044,142	640,221
Share of results of joint venture	1,240	1,106	2,575	2,262
Finance costs	(14,783)	(8,340)	(27,543)	(15,358)
Profit before taxation	752,072	144,619	991,162	591,227
Tax (expense)/credit	(36,224)	27,914	6,598	3,549
Profit for the period	715,848	172,533	997,760	594,776
Attributable to :				
Owners of the parent	693,407	183,466	996,566	585,648
Non-controlling interests	22,441	(10,933)	1,194	9,128
Profit for the period	715,848	172,533	997,760	594,776
Basic earnings per share (sen)	48.74	12.90	70.05	41.17

(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 Comprehensive Income
For The Financial Period Ended 30 June 2022

	2nd Quarter ended		6 Months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	715,848	172,533	997,760	594,776
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	(2,981)	26,348	(9,063)	83,209
Share of associates' other comprehensive income/(loss)	12,462	43,023	(17,319)	21,095
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	977,399	30,934	1,191,089	648,949
Share of associates' other comprehensive (loss)/income	(462,422)	183,019	(559,044)	102,006
Total comprehensive income	<u>1,240,306</u>	<u>455,857</u>	<u>1,603,423</u>	<u>1,450,035</u>
Attributable to :				
Owners of the parent	1,214,689	463,945	1,594,145	1,433,040
Non-controlling interests	25,617	(8,088)	9,278	16,995
Total comprehensive income	<u>1,240,306</u>	<u>455,857</u>	<u>1,603,423</u>	<u>1,450,035</u>

(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 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,348,489	1,383,088
Investment properties	331,740	317,163
Right-of-use assets	356,136	306,022
Bearer plants	4,094	4,241
Land held for property development	100,545	100,470
Goodwill	71,201	71,201
Other intangible assets	9,156	11,945
Investment in associates	22,246,137	21,063,903
Investment in joint venture	31,165	28,433
Other investments	363,495	372,310
Deferred tax assets	70,818	44,007
Total non-current assets	24,932,976	23,702,783
Current assets		
Inventories	1,334,661	1,081,814
Biological assets	20,509	13,422
Property development costs	37,986	41,581
Trade receivables	831,297	715,063
Other receivables	405,288	411,422
Derivative financial assets	194,185	100,650
Current tax assets	36,631	34,111
Cash and cash equivalents	1,547,005	1,296,316
Total current assets	4,407,562	3,694,379
TOTAL ASSETS	29,340,538	27,397,162
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	24,177,027	23,002,174
Equity attributable to owners of the parent	25,606,341	24,431,488
Non-controlling interests	758,093	748,815
Total equity	26,364,434	25,180,303

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

	As at 30-Jun-22 RM'000	As at 31-Dec-21 RM'000
Non-current liabilities		
Borrowings	70,110	67,828
Lease obligations	329,236	282,241
Deferred tax liabilities	109,425	101,156
Provision for restoration cost	37,767	33,273
Total non-current liabilities	546,538	484,498
Current liabilities		
Trade payables	501,998	325,814
Other payables	225,732	223,622
Derivative financial liabilities	133,216	107,383
Borrowings	1,524,366	1,034,757
Lease obligations	38,456	35,974
Provision for restoration cost	960	960
Current tax liabilities	4,838	3,851
Total current liabilities	2,429,566	1,732,361
Total liabilities	2,976,104	2,216,859
TOTAL EQUITY AND LIABILITIES	29,340,538	27,397,162

(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 30 June 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
<u>6 Months ended 30 June 2022</u>						
At 1 January 2022	1,429,314	4,277,355	18,724,819	24,431,488	748,815	25,180,303
Profit for the period	-	-	996,566	996,566	1,194	997,760
Other comprehensive income/(loss)	-	600,253	(2,674)	597,579	8,084	605,663
Total comprehensive income	-	600,253	993,892	1,594,145	9,278	1,603,423
Transfer of reserves	-	93,194	(93,194)	-	-	-
Dividends	-	-	(355,650)	(355,650)	-	(355,650)
Share of other changes in equity of associates	-	(63,642)	-	(63,642)	-	(63,642)
At 30 June 2022	<u>1,429,314</u>	<u>4,907,160</u>	<u>19,269,867</u>	<u>25,606,341</u>	<u>758,093</u>	<u>26,364,434</u>

6 Months ended 30 June 2021

At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Profit for the period	-	-	585,648	585,648	9,128	594,776
Other comprehensive income	-	847,392	-	847,392	7,867	855,259
Total comprehensive income	-	847,392	585,648	1,433,040	16,995	1,450,035
Transfer of reserves	-	110,243	(110,243)	-	-	-
Dividends	-	-	(540,588)	(540,588)	(923)	(541,511)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Share of other changes in equity of associates	-	(35,093)	-	(35,093)	-	(35,093)
At 30 June 2021	<u>1,429,314</u>	<u>4,299,544</u>	<u>17,947,250</u>	<u>23,676,108</u>	<u>746,388</u>	<u>24,422,496</u>

(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 30 June 2022**

	6 Months ended 30 June	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	991,162	591,227
Adjustments:		
Non-cash items	(995,401)	(537,222)
Non-operating items	14,030	497
Operating profit before working capital changes	<u>9,791</u>	<u>54,502</u>
Working capital changes:-		
Net change in current assets	(384,121)	(431,816)
Net change in current liabilities	182,993	58,889
Cash used in operations	<u>(191,337)</u>	<u>(318,425)</u>
Tax paid	<u>(13,763)</u>	<u>(33,155)</u>
Net cash used in operating activities	(205,100)	(351,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment, investment properties, biological assets and other intangible assets	(59,320)	(67,294)
Proceeds from disposal of property, plant and equipment	3,535	2,116
Investments in associates	(211)	(82,835)
Proceeds from disposal of a subsidiary	8,931	-
Dividends received	399,539	577,307
Income received from short-term fund placements	6,980	8,964
Interest received	2,935	1,911
Repayment from/(advances to) associates	3,465	(51,376)
Distribution of profit from joint venture	1,942	1,868
Proceeds from liquidation of an associate	-	10,321
Net cash generated from investing activities	367,796	400,982
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	479,872	450,751
Interest paid	(19,799)	(9,993)
Dividends paid	(355,650)	(541,511)
Payment of lease obligations	(19,979)	(14,462)
Shares issued to non-controlling interest of a subsidiary	-	2,620
Net cash generated from/(used in) financing activities	84,444	(112,595)
Net increase/(decrease) in cash and cash equivalents	247,140	(63,193)
Cash and cash equivalents brought forward	1,296,316	1,420,202
Effect of exchange rate changes	3,549	4,220
Cash and cash equivalents carried forward	<u>1,547,005</u>	<u>1,361,229</u>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	623,339	448,578
Bank deposits	143,978	165,378
Short-term fund placements	779,688	750,007
Bank overdrafts	-	(2,734)
	<u>1,547,005</u>	<u>1,361,229</u>

(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 30 June 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

A final dividend of 25 sen per share in respect of financial year ended 31 December 2021 was paid on 1 June 2022.

A7. Segmental reporting

Performance of the Group's business segments for the financial period ended 30 June 2022 is as follows :

Business segments: All figures in RM'000								Total
	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter-segment elimination	
REVENUE								
External revenue	2,169,814	375,446	220,613	67,947	82,130	43,039	-	2,958,989
Inter-segment sales	61,742	2,385	-	37	401	42	(64,607)	-
Total revenue	2,231,556	377,831	220,613	67,984	82,531	43,081	(64,607)	2,958,989
RESULTS								
Segment results	(76,509)	14,015	(7,420)	(1,998)	22,058	8,217	-	(41,637)
Share of results of associates	53,459	(935)	(229)	635	(277)	991,489	-	1,044,142
Share of results of joint venture	-	-	-	2,575	-	-	-	2,575
Unallocated corporate expenses	-	-	-	-	-	-	-	(13,918)
(Loss)/Profit before taxation	(23,050)	13,080	(7,649)	1,212	21,781	999,706	-	991,162

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

On 5 August 2022, FFM Berhad ("FFM"), an 80% subsidiary of the Company, received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act"). The Proposed Decision is premised primarily on the allegation that FFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed prices in breach of Section 4 of the Act.

MyCC has highlighted that their findings are provisional and it should not be assumed that FFM has broken the law at this stage. Subject to the findings in relation to the alleged infringement, MyCC proposed to impose a penalty of RM46.63 million on FFM. This is, however, neither final nor conclusive. FFM is currently working with its advisors on its representation to MyCC by 20 September 2022.

Other than the above, there are no other contingent liabilities and contingent assets that arose during the period up to 19 August 2022.

A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 30 June 2022 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	86,429
- not contracted	396,584
	<u>483,013</u>
Other commitments	
- contracted	392,275
Total	<u><u>875,288</u></u>

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 June 2022 are as follows:

	RM'000
Transactions with associates	
- Sales of goods	8,045
- Purchase of goods	4,078
	<u>12,123</u>
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,292
- Sales of goods	15,019
	<u>16,311</u>
Transactions with subsidiaries of associates	
- Purchase of goods	231,561
- Sales of goods	100,026
- Rental income	1,667
- Other services expenses	7,687
- Freight cost	115,469
	<u>456,350</u>

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>2Q2022</u>								
REVENUE								
External revenue	1,125,485	191,956	156,670	34,549	46,838	21,816	-	1,577,314
Inter-segment sales	34,222	1,707	-	-	200	14	(36,143)	-
Total revenue	1,159,707	193,663	156,670	34,549	47,038	21,830	(36,143)	1,577,314
RESULTS								
Segment results	84,526	6,895	21,314	(827)	12,833	4,420	-	129,161
Share of results of associates	30,730	(785)	943	341	(205)	597,472	-	628,496
Share of results of joint venture	-	-	-	1,240	-	-	-	1,240
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,825)
Profit before taxation	115,256	6,110	22,257	754	12,628	601,892	-	752,072
<u>2Q2021</u>								
REVENUE								
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)	-
Total revenue	834,398	164,133	18,969	47,003	23,004	15,924	(20,503)	1,082,928
RESULTS								
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)
(Loss)/Profit before taxation	(72,007)	1,733	(34,327)	2,129	1,091	252,470	-	144,619
Variance								
Revenue (%)	39%	18%	>100%	-26%	>100%	37%	-76%	46%
Profit/(Loss) before taxation (%)	n.m	>100%	n.m	-65%	>100%	>100%	-	>100%

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>1H2022</u>								
REVENUE								
External revenue	2,169,814	375,446	220,613	67,947	82,130	43,039	-	2,958,989
Inter-segment sales	61,742	2,385	-	37	401	42	(64,607)	-
Total revenue	<u>2,231,556</u>	<u>377,831</u>	<u>220,613</u>	<u>67,984</u>	<u>82,531</u>	<u>43,081</u>	<u>(64,607)</u>	<u>2,958,989</u>
RESULTS								
Segment results	(76,509)	14,015	(7,420)	(1,998)	22,058	8,217	-	(41,637)
Share of results of associates	53,459	(935)	(229)	635	(277)	991,489	-	1,044,142
Share of results of joint venture	-	-	-	2,575	-	-	-	2,575
Unallocated corporate expenses	-	-	-	-	-	-	-	(13,918)
(Loss)/Profit before taxation	<u>(23,050)</u>	<u>13,080</u>	<u>(7,649)</u>	<u>1,212</u>	<u>21,781</u>	<u>999,706</u>	<u>-</u>	<u>991,162</u>
<u>1H2021</u>								
REVENUE								
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)	-
Total revenue	<u>1,700,141</u>	<u>320,343</u>	<u>41,056</u>	<u>94,303</u>	<u>52,964</u>	<u>33,600</u>	<u>(41,740)</u>	<u>2,200,667</u>
RESULTS								
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)
Profit/(Loss) before taxation	<u>51,571</u>	<u>351</u>	<u>(59,229)</u>	<u>4,207</u>	<u>5,841</u>	<u>601,203</u>	<u>-</u>	<u>591,227</u>
Variance								
Revenue (%)	31%	18%	>100%	-28%	56%	28%	-55%	34%
Profit/(Loss) before taxation (%)	n.m	>100%	87%	-71%	>100%	66%	-	68%

n.m. - not meaningful

Group performance review

For the second quarter and first half of 2022, the Group achieved a total revenue of RM1.58 billion and RM2.96 billion, 46% and 34% higher than 2Q2021 and 1H2021 respectively. Pre-tax profit for 1H2022 amounted to RM991 million, up 68% from a year ago. All key segments contributed positively to the increase in group revenue and profitability. Contribution from Wilmar International Limited (“Wilmar”) increased by 67% to RM992 million.

Grains and agribusiness

Segment revenue for 2Q2022 and 1H2022 increased by 39% and 31% to RM1.2 billion (2Q2021: RM834 million) and RM2.2 billion (1H2021: RM1.7 billion) respectively. The segment recorded a profit of RM115 million in 2Q2022 as compared to a loss of RM72 million recorded in 2Q2021; with that, the 1H2022 loss narrowed to RM23 million (1H2021: RM52 million profit). The marked improvement in performance was attributable to hedging gains on derivative instruments as grain prices stabilised during the second quarter of 2022.

Consumer products

Segment revenue for 2Q2022 and 1H2022 was higher at RM194 million (2Q2021: RM164 million) and RM378 million (1H2021: RM320 million) respectively. Segment profit for 2Q2022 and 1H2022 increased significantly at RM6 million (2Q2021: RM2 million) and RM13 million (1H2021: RM351,000) respectively. This was mainly due to higher sales of bakery and other fast-moving consumer products.

Film exhibition and distribution

Segment revenue for 2Q2022 and 1H2022 increased significantly to RM157 million (2Q2021: RM19 million) and RM221 million (1H2021: RM41 million) respectively. The segment reported a profit of RM22 million for 2Q2022 as compared to a loss of RM34 million recorded in 2Q2021. Loss for 1H2022 reduced to RM8 million as compared to RM59 million recorded in 1H2021. The full reopening of cinemas, the opening of the newly acquired former MBO cinemas, higher admissions as well as a six-fold increase in box office collections, are the main factors which contributed positively to the overall performance of this segment.

Environmental engineering and utilities

Segment revenue for 2Q2022 and 1H2022 were lower at RM35 million (2Q2021: RM47 million) and RM68 million (1H2021: RM94 million) respectively. Segment profit for 2Q2022 and 1H2022 was at RM754,000 (2Q2021: RM2 million) and RM1 million (1H2021: RM4 million) respectively, mainly due to lower project revenue recognised and higher project cost incurred.

Property

Segment revenue for 2Q2022 and 1H2022 were higher at RM47 million (2Q2021: RM23 million) and RM82 million (1H2021: RM53 million) respectively. Segment profit for 2Q2022 and 1H2022 increased to RM13 million (2Q2021: RM1 million) and RM22 million (1H2021: RM6 million) respectively. The improvement was mainly attributable to new sales and progressive profit recognition of the Megah Rise development project, as well as improvement in overall mall business performance.

Other operations

Segment profit for 2Q2022 and 1H2022 were at RM602 million (2Q2021: RM252 million) and RM1.0 billion (1H2021: RM601 million) respectively. Contributions from Wilmar for 2Q2022 and 1H2022 increased significantly to RM598 million (2Q2021: RM249 million) and RM992 million (1H2021: RM594 million) respectively.

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

Group profit before taxation for 2Q2022 increased to RM752 million from RM239 million recorded in 1Q2022. All key segments recorded improvement in business performance during the quarter. In addition, the higher contribution from Wilmar at RM598 million (1Q2022: RM394 million) also contributed positively to the strong performance achieved in 2Q2022.

B3. Prospects

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 as compared to the second quarter of 2021 (1Q2022: 5.0%), supported by strengthening domestic demand. The growth was also reflective of the normalizing of economic activities in the country, as it moves towards endemicity and the reopening of international travel. It is expected that the Malaysian economy will continue to show strength through the second half of the year, building on the first half's 6.9% growth. Economic growth is expected to be supported by firm domestic demand, improving labour market conditions and higher tourist arrivals and the continued implementation of multi-year investment projects. However, Malaysia's growth remains susceptible to a weaker than expected global growth, further escalation of geopolitical conflicts and worsening of supply chain disruptions.

Grain commodity prices have now stabilized to a level closer to the pre-Russian-Ukraine conflict as global supply concerns eased. However, the flowthrough effect of high raw material prices on production costs, as well as high logistics cost will remain, given the lag effect of procurement and production cycles, in addition to limitations in our price-in mechanism. The *Grain and agribusiness* segment will continue its efforts to preserve margins by improving its product performance and enhancing its operational efficiency.

We expect our *Consumer products* segment, which mainly distributes basic necessities, to perform satisfactorily on the back of improving consumer sentiment as the country transitions into endemicity.

The *Film exhibition and distribution* segment saw strong quarter-to-quarter improvement due to the release of summer blockbuster titles. The scheduled movie line-up for the second half of 2022 is expected to contribute positively to the segment. Management will remain cautious in spending during this recovery stage of the industry and continue to optimize resources.

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

The Megah Rise development project is on schedule to be completed by the end of the 3rd quarter. Coupled with the increased footfall in our malls, performance of the *Property* segment is expected to be satisfactory.

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-22 RM'000	6 Months ended 30-Jun-22 RM'000
Profit before taxation was stated after (crediting)/charging:		
Interest income and income from short-term fund placements	(5,976)	(10,108)
Dividend income	(3,334)	(3,405)
Net foreign exchange loss	2,551	1,401
Net fair value (gain)/loss on derivatives	(46,314)	141,697
Net write back of impairment on receivables	(172)	(1,054)
Depreciation and amortisation	46,834	97,057
Interest expense on lease obligations	3,825	7,544

B6. Tax expense/(credit)

	2nd Quarter ended 30-Jun-22 RM'000	6 Months ended 30-Jun-22 RM'000
Taxation based on the profit for the financial period:		
Malaysian taxation	32,436	(13,010)
Foreign taxation	2,523	6,469
(Over)/under provision in prior years:		
Current tax	(107)	15
Deferred tax	1,372	(72)
	<u>36,224</u>	<u>(6,598)</u>

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 19 August 2022.

B8. Group borrowings

Total Group borrowings as at 30 June 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 (a)	-
Long-term bank loan (VND)	25,610	25,610 (b)	-
	<u>70,110</u>	<u>70,110</u>	<u>-</u>
Short-term bank borrowings			
Revolving credit	214,586	68,000 (a)	146,586
Revolving credit (IDR)	293,632	-	293,632
Revolving credit (USD)	101,384	-	101,384
Short-term loan (USD)	674,632	-	674,632
Short-term loan (VND)	240,075	-	240,075
Hire purchase financing	57	57	-
	<u>1,524,366</u>	<u>68,057</u>	<u>1,456,309</u>

All of the above borrowings are unsecured except for the following:

- (a) The MYR-denominated term loan and revolving credits are secured by a corporate guarantee from a subsidiary.
- (b) The VND-denominated term loan is secured by a corporate guarantee from a subsidiary.

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 30 June 2022

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	906,407	183,187
ii) Forward foreign currency contracts	959,585	10,998
Total derivative assets		194,185
<u>Derivative financial liabilities</u>		
i) Options contracts	1,455,601	131,313
ii) Futures contracts	44,119	1,736
iii) Forward foreign currency contracts	96,992	167
Total derivative liabilities		133,216

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 remained elevated 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 2nd quarter of 2022, unrealised fair value gain on derivative financial instruments amounted to RM156.4 million (2Q2021: RM99.7 million loss).

For the 1st half of 2022, unrealised fair value gain on derivative financial instruments amounted to RM104 million (1H2021: RM45.1 million loss).

B10. Material litigation

There was no material litigation as at 19 August 2022.

B11. Dividend

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2022 of 12 sen per share (2021: 10 sen per share) payable on Wednesday, 28 September 2022.

The entitlement and payment dates of the interim dividend are on 9 September 2022 and 28 September 2022 respectively.

B12. Earnings per share

	2nd Quarter ended		6 Months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	693,407	183,466	996,566	585,648
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	48.74	12.90	70.05	41.17

There were no potential dilutive ordinary shares outstanding as at 30 June 2022 and 30 June 2021. As such, there were no diluted earnings per share for the financial period ended 30 June 2022 and 30 June 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
25 August 2022

By Order of the Board
Mah Teck Keong
Company Secretary