

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

Condensed Consolidated Income Statements For The Period Ended
30 September 2021

	3rd Quarter ended 30 September		9 Months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,240,575	1,036,586	3,441,242	3,057,919
Operating expenses	(1,281,124)	(1,026,870)	(3,489,563)	(3,014,738)
Operating (loss)/profit	(40,549)	9,716	(48,321)	43,181
Other operating income/(loss)	21,538	(8,039)	(6,588)	67,361
Share of results of associates	442,622	434,147	1,082,843	927,846
Share of results of joint venture	1,111	1,282	3,373	3,103
Finance costs	(9,629)	(7,416)	(24,987)	(20,682)
Profit before taxation	415,093	429,690	1,006,320	1,020,809
Taxation	(6,672)	(8,115)	(3,123)	(46,924)
Profit for the period	408,421	421,575	1,003,197	973,885
Attributable to :				
Owners of the parent	407,908	411,574	993,556	931,572
Non-controlling interests	513	10,001	9,641	42,313
Profit for the period	408,421	421,575	1,003,197	973,885
Basic earnings per share (sen)	28.67	28.93	69.84	65.48

(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 September 2021

	3rd Quarter ended 30 September		9 Months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the period	408,421	421,575	1,003,197	973,885
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	(60,837)	(15,623)	22,372	(83,761)
Share of associates' other comprehensive (loss)/income	(16,189)	2,770	4,906	(68,505)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	170,486	(555,582)	819,435	269,868
Share of associates' other comprehensive (loss)/income	(51,920)	288,368	50,086	(3,759)
Total comprehensive income	<u>449,961</u>	<u>141,508</u>	<u>1,899,996</u>	<u>1,087,728</u>
Attributable to :				
Owners of the parent	445,046	135,042	1,878,086	1,037,200
Non-controlling interests	4,915	6,466	21,910	50,528
Total comprehensive income	<u>449,961</u>	<u>141,508</u>	<u>1,899,996</u>	<u>1,087,728</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)]
Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-21 RM'000	As at 31-Dec-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,392,061	1,320,984
Investment properties	310,113	300,506
Right-of-use assets	231,844	254,461
Bearer plants	3,751	3,566
Land held for property development	100,470	100,178
Goodwill	71,201	71,201
Other intangible assets	8,070	7,704
Investment in associates	20,604,051	19,436,825
Investment in joint venture	27,205	22,549
Other investments	350,655	356,042
Deferred tax assets	30,521	14,605
Total non-current assets	23,129,942	21,888,621
Current assets		
Inventories	917,806	658,626
Biological assets	5,678	8,635
Property development costs	28,924	32,613
Trade receivables	720,476	597,145
Other receivables	378,720	265,910
Derivative financial assets	11,777	360
Current tax assets	49,312	11,407
Cash and cash equivalents	1,410,805	1,420,341
Total current assets	3,523,498	2,995,037
TOTAL ASSETS	26,653,440	24,883,658
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	22,553,409	21,389,435
Equity attributable to owners of the parent	23,982,723	22,818,749
Non-controlling interests	749,315	727,696
Total equity	24,732,038	23,546,445

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

	As at 30-Sep-21 RM'000	As at 31-Dec-20 RM'000
Non-current liabilities		
Borrowings	111,243	25,461
Lease obligations	218,561	239,307
Deferred tax liabilities	124,405	110,139
Provision for restoration cost	28,620	28,620
Total non-current liabilities	482,829	403,527
 Current liabilities		
Trade payables	210,243	211,514
Other payables	209,211	175,788
Derivative financial liabilities	24,087	54,009
Borrowings	957,956	455,798
Lease obligations	29,089	28,844
Provision for restoration cost	960	1,695
Current tax liabilities	7,027	6,038
Total current liabilities	1,438,573	933,686
 Total liabilities	1,921,402	1,337,213
 TOTAL EQUITY AND LIABILITIES	26,653,440	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)

Condensed Consolidated Statements Of Changes In Equity For The Period Ended 30 September 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>9 Months ended 30 September 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	-	868,490	1,009,596	1,878,086	21,910	1,899,996
Transfer of reserves	-	81,943	(111,942)	(29,999)	-	(29,999)
Dividends	-	-	(682,847)	(682,847)	(2,911)	(685,758)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Changes in equity interest in subsidiaries of an associate	-	(1,266)	-	(1,266)	-	(1,266)
At 30 September 2021	1,429,314	4,326,169	18,227,240	23,982,723	749,315	24,732,038
<u>9 Months ended 30 September 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	-	105,713	931,487	1,037,200	50,528	1,087,728
Transfer of reserves	-	63,055	(63,055)	-	-	-
Dividends	-	-	(441,006)	(441,006)	(2,671)	(443,677)
At 30 September 2020	1,429,314	2,994,696	17,607,443	22,031,453	743,389	22,774,842

(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 September 2021

	9 Months ended 30 September	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,006,320	1,020,809
Adjustments:		
Non-cash items	(989,145)	(792,045)
Non-operating items	3,292	(11,037)
Operating profit before working capital changes	20,467	217,727
Working capital changes:-		
Net change in current assets	(390,628)	29,317
Net change in current liabilities	28,920	(213,928)
Cash used in operations	(341,241)	33,116
Tax paid	(41,784)	(22,559)
Net cash (used in)/generated from operating activities	(383,025)	10,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(172,058)	(87,849)
Proceeds from disposal of property, plant and equipment	2,868	503
Purchase of investments	(92,095)	(105,714)
Proceeds from disposal of investment	44,751	438
Dividends received	762,258	505,690
Income received from short-term fund placements	12,777	23,210
Interest received	3,268	5,867
(Advances to)/repayment from associates	(51,881)	4,576
Distribution of profit from joint venture	2,000	5,595
Proceeds from liquidation of an associate	10,321	-
Net cash generated from investing activities	522,209	352,316
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	574,803	94,693
Interest paid	(16,507)	(13,422)
Dividends paid	(685,758)	(443,677)
Payment of lease obligations	(29,641)	(27,409)
Shares issued to non-controlling interest of a subsidiary	2,620	4,145
Net cash used in financing activities	(154,483)	(385,670)
Net decrease in cash and cash equivalents	(15,299)	(22,797)
Cash and cash equivalents brought forward	1,420,202	1,500,571
Effect of exchange rate changes	5,817	(2,153)
Cash and cash equivalents carried forward	1,410,720	1,475,621
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	333,172	254,680
Bank deposits	249,524	201,494
Short-term fund placements	828,109	1,019,465
Bank overdrafts	(85)	(18)
	1,410,720	1,475,621

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

NOTES

A1. Accounting policies

The interim financial statements of the Group have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") MFRS 134 Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2020 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2021 :

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

A2. Seasonality or cyclicity of interim operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A3. Exceptional or unusual items

There were no exceptional or unusual items for the financial period ended 30 September 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

During the financial period ended 30 September 2021, an interim dividend of 10 sen per share in respect of financial year ending 31 December 2021 was paid on 28 September 2021.

A7. Segmental reporting

Performance of the Group's business segments for the period ended 30 September 2021 is as follows :

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
REVENUE								
External revenue	2,648,449	480,927	44,114	149,220	69,882	48,650	-	3,441,242
Inter-segment sales	61,556	473	-	203	563	128	(62,923)	-
Total revenue	2,710,005	481,400	44,114	149,423	70,445	48,778	(62,923)	3,441,242
RESULTS								
Segment results	12,654	4,211	(94,841)	(1,952)	6,704	15,055	-	(58,169)
Share of results of associates	62,601	(1,864)	(5,068)	376	(1,623)	1,028,421	-	1,082,843
Share of results of joint venture	-	-	-	3,373	-	-	-	3,373
Unallocated corporate expenses	-	-	-	-	-	-	-	(21,727)
Profit/(Loss) before taxation	75,255	2,347	(99,909)	1,797	5,081	1,043,476	-	1,006,320

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 September 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	78,164
- not contracted	360,576
	<u>438,740</u>
Other commitments	
- contracted	404,706
Total	<u><u>843,446</u></u>

A12. Significant related party transactions

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

	RM'000
Transactions with associates	
- Film rental income	2,008
- Purchase of goods	6,793
	<u>8,801</u>
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,507
- Sales of goods	18,685
	<u>20,192</u>
Transactions with subsidiaries of associates	
- Purchase of goods	382,458
- Sales of goods	114,310
- Rental income	2,500
- Other services expense	9,964
- Supervision fees income	1,224
- Freight cost	150,851
	<u>661,306</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>3Q2021</u>								
REVENUE								
External revenue	989,004	161,002	3,058	55,081	17,280	15,150	-	1,240,575
Inter-segment sales	20,860	55	-	39	201	28	(21,183)	-
Total revenue	1,009,864	161,057	3,058	55,120	17,481	15,178	(21,183)	1,240,575
RESULTS								
Segment results	11,304	3,334	(36,223)	(3,864)	3	5,816	-	(19,630)
Share of results of associates	12,380	(1,338)	(4,457)	343	(763)	436,457	-	442,622
Share of results of joint venture	-	-	-	1,111	-	-	-	1,111
Unallocated corporate expenses	-	-	-	-	-	-	-	(9,010)
Profit/(Loss) before taxation	23,684	1,996	(40,680)	(2,410)	(760)	442,273	-	415,093
<u>3Q2020</u>								
REVENUE								
External revenue	788,648	145,665	25,743	47,330	14,685	14,515	-	1,036,586
Inter-segment sales	18,424	134	-	228	250	2,984	(22,020)	-
Total revenue	807,072	145,799	25,743	47,558	14,935	17,499	(22,020)	1,036,586
RESULTS								
Segment results	22,949	(1,300)	(24,561)	1,850	2,194	4,703	-	5,835
Share of results of associates	26,413	477	(3,675)	1,285	1,203	408,444	-	434,147
Share of results of joint venture	-	-	-	1,282	-	-	-	1,282
Unallocated corporate expenses	-	-	-	-	-	-	-	(11,574)
Profit/(Loss) before taxation	49,362	(823)	(28,236)	4,417	3,397	413,147	-	429,690
Variance								
Revenue (%)	25%	10%	-88%	16%	17%	-13%	4%	20%
Profit/(Loss) before taxation (%)	-52%	n.m	-44%	n.m	n.m	7%	-	-3%

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>9M2021</u>								
REVENUE								
External revenue	2,648,449	480,927	44,114	149,220	69,882	48,650	-	3,441,242
Inter-segment sales	61,556	473	-	203	563	128	(62,923)	-
Total revenue	2,710,005	481,400	44,114	149,423	70,445	48,778	(62,923)	3,441,242
RESULTS								
Segment results	12,654	4,211	(94,841)	(1,952)	6,704	15,055	-	(58,169)
Share of results of associates	62,601	(1,864)	(5,068)	376	(1,623)	1,028,421	-	1,082,843
Share of results of joint venture	-	-	-	3,373	-	-	-	3,373
Unallocated corporate expenses	-	-	-	-	-	-	-	(21,727)
Profit/(Loss) before taxation	75,255	2,347	(99,909)	1,797	5,081	1,043,476	-	1,006,320
<u>9M2020</u>								
REVENUE								
External revenue	2,296,476	471,497	105,265	104,976	36,372	43,333	-	3,057,919
Inter-segment sales	64,755	497	-	431	710	3,280	(69,673)	-
Total revenue	2,361,231	471,994	105,265	105,407	37,082	46,613	(69,673)	3,057,919
RESULTS								
Segment results	151,421	20,579	(79,177)	2,704	174	17,868	-	113,569
Share of results of associates	79,393	(1,289)	(9,978)	5,489	(612)	854,843	-	927,846
Share of results of joint venture	-	-	-	3,103	-	-	-	3,103
Unallocated corporate expenses	-	-	-	-	-	-	-	(23,709)
Profit/(Loss) before taxation	230,814	19,290	(89,155)	11,296	(438)	872,711	-	1,020,809
Variance								
Revenue (%)	15%	2%	-58%	42%	90%	5%	10%	13%
Profit/(Loss) before taxation (%)	-67%	-88%	-12%	-84%	n.m	20%	-	-1%

n.m - not meaningful

Group performance review

For the third quarter of 2021, the Group achieved a total revenue of RM1.24 billion, 20% higher as compared to RM1.04 billion recorded in 3Q2020; improvement was seen across all key segments with the exception of *Film exhibition and distribution*, which was affected by cinema closures due to the reimposition of nationwide containment measures during most of 3Q2021. Pre-tax profit however, was lower at RM415 million from RM430 million recorded in the preceding year corresponding quarter. The lower profit was mainly attributable to lower profit recorded at the *Grains and agribusiness* segment at RM24 million (3Q2020: RM49 million) and higher losses recorded by the *Film exhibition and distribution* segment at RM41 million (3Q2020: RM28 million), partially offset by higher contribution from Wilmar International Limited (“Wilmar”) by 6% to RM432 million.

For 9M2021, Group revenue increased by 13% to RM3.44 billion; with the exception of the *Film exhibition and distribution* segment, all core segments recorded higher revenue during the period under review.

Group pre-tax profit for 9M2021 remained unchanged at RM1.01 billion (9M2020: RM1.02 billion), the weaker performance recorded by the Group’s core segments was partially offset by higher contribution from Wilmar, with increased profit contribution by 20% to RM1.03 billion.

Grains and agribusiness

Segment revenue for 3Q2021 and 9M2021 was higher by 25% and 15% to RM1.01 billion and RM2.71 billion respectively from a year ago. The segment recorded lower profit by 52% to RM24 million in the third quarter of 2021 (3Q2020: RM49 million) and 67% lower in 9M2021 to RM75 million (9M2020: RM231 million). The segment experienced a significant increase in raw material costs of flour, feed and maize products; with limited price-in mechanism, profit margin compression continued to impact profitability since second quarter of the year. Fair value loss on derivative instruments for hedging purposes amounted to RM51.2 million for the first 9 months of the year as compared to a gain of RM32.9 million recorded in the previous year corresponding period.

Consumer products

Segment revenue and profit for 3Q2021 was at RM161 million (3Q2020: RM146 million) and RM2 million (3Q2020: loss of RM823,000).

For 9M2021 segment revenue was higher by 2% to RM481 million (9M2020: RM472 million). Segment profit for 9M2021 was at RM2 million (9M2020: RM19 million). Excluding the one-off gain on the step-acquisition of an associate amounting to RM10 million in 2020, the weaker segment results was attributable to higher product costs on the back of rising commodity prices.

Film exhibition and distribution

Segment revenue for 3Q2021 and 9M2021 was at RM3 million (3Q2020: RM26 million) and RM44 million (9M2020: RM105 million) respectively. For 3Q2021 and 9M2021, the segment recorded higher losses at RM41 million (3Q2020: RM28 million) and RM100 million (9M2020: RM89 million) respectively. Cinema operations were significantly impacted by the prolonged cinema closures throughout the 9M2021 as the country imposed nationwide containment measures to contain the Covid-19 pandemic.

Environmental engineering and utilities

Segment revenue for 3Q2021 and 9M2021 was higher at RM55 million (3Q2020: RM48 million) and RM149 million (9M2020: RM105 million) respectively. The segment recorded a loss of RM2 million for 3Q2021 (3Q2020: profit of RM4 million) and a profit of RM2 million for 9M2021 (9M2020: RM11 million). Performance in 3Q2021 was affected by a loss on disposal of a 40% associate involved in the landfill operations amounting to RM4 million. Contribution from the associate immediately prior to the disposal was significantly lower, with a loss of RM526,000 as compared to a profit of RM4.5 million recorded in the previous year corresponding period.

Property

In 3Q2021, the segment recorded higher revenue at RM17 million (3Q2020: RM15 million) with a loss of RM760,000 (3Q2020: profit of RM3.4 million). Mall operations were significantly impacted by the nationwide containment measures and negated the positive effect of the progressive profit recognition at the Megah Rise project.

Other operations

Profit for 3Q2021 and 9M2021 amounted to RM442 million (3Q2020: RM413 million) and RM1.04 billion (9M2020: RM873 million) respectively. Contributions from Wilmar for 3Q2021 and 9M2021 were at RM432 million (3Q2020: RM409 million) and RM1.03 billion (9M2020: RM855 million) respectively.

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

Group pre-tax profit was significantly higher at RM415 million for 3Q2021 (2Q2021: RM145 million). This was mainly attributable to higher contribution from Wilmar by RM183 million to RM432 million (2Q2021: RM249 million) and the turnaround of the *Grains and agribusiness* segment with a profit of RM24 million (2Q2021: RM72 million loss).

B3. Prospects

The Malaysian economy contracted by 4.5% in the third quarter of 2021, largely attributed to the reimposition of nationwide containment measures during the quarter. The restrictions on mobility negatively impacted consumption and investment activities across all economic sectors. Notwithstanding the continued increase in public consumption spending, which provided some support to overall growth, all economic sectors registered a contraction.

For 2021, the domestic economy is expected to expand by 3% to 4% in 2021. The successful rollout of the National Immunization Programme has enabled a phased reopening of broad economic sectors and allowed the Malaysian economy to begin its recovery. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, complemented by continued policy support.

As food commodity prices continue their uptrend since the second quarter of 2021 as a result of global supply shocks and supply chain disruptions, the flow through impact of higher raw material prices have caused further gross profit margin compression in the *Grains and agribusiness* segment. Performance of the *Grains and agribusiness* segment continues to be affected by the highly volatile food commodity market and high freight cost as global supply disruptions show no sign of easing in the immediate future.

The *Consumer products* segment is facing higher cost of products following an 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 place through the food services channel and e-commerce platform.

The *Film exhibition and distribution* segment is set to recover as the Government allowed the cinemas to reopen in September 2021. This is timely as our newly acquired and rebranded former MBO cinemas are reopening in stages in the final quarter of the year.

The end of the year is seasonally strong for the *Film exhibition and distribution* segment in view of the festive and holiday period. The strong movie titles lined up for the fourth quarter will contribute positively to the segment.

Management is confident that a robust close to the year will set a strong recovery pace in the following year. Cost control measures and revenue diversification remain our top priorities 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 is expected to improve with the easing of the national movement containment measures towards the last quarter of the year. Improving footfall in all our malls and completing the development of the Megah Rise project remains our top priority.

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

	3rd Quarter ended 30-Sep-21 RM'000	9 Months ended 30-Sep-21 RM'000
Profit before taxation was stated after charging/(crediting):		
Interest income and income from short-term fund placements	(5,129)	(16,357)
Dividend income	(1,705)	(5,338)
Net foreign exchange gain	(5,198)	(11,762)
Net fair value (gain)/loss on derivatives	(3,850)	53,252
Allowance for doubtful debts and receivables written off	2,372	4,733
Depreciation and amortisation	40,671	122,455
Interest expense on lease obligations	2,651	8,182
	<u>2,651</u>	<u>8,182</u>

B6. Tax expense

	3rd Quarter ended 30-Sep-21 RM'000	9 Months ended 30-Sep-21 RM'000
Taxation comprises:		
Malaysian taxation		
Current tax credit	(8,694)	(365)
Deferred tax expense/(credit)	13,440	(5,846)
	<u>4,746</u>	<u>(6,211)</u>
Foreign taxation		
Current tax expense	1,184	4,249
Deferred tax expense	831	4,110
	<u>6,761</u>	<u>2,148</u>
(Over)/under provision in prior years:		
Current tax	(3)	995
Deferred tax	(86)	(20)
	<u>6,672</u>	<u>3,123</u>
	<u><u>6,672</u></u>	<u><u>3,123</u></u>

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 24 November 2021.

B8. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	91,997	-	91,997
Long-term bank loan (VND)	19,210	19,210	-
Hire purchase financing	36	36	-
	111,243	19,246	91,997
Short-term bank borrowings			
Bills payable (IDR)	266,337	-	266,337
Short-term loan	175,000	-	175,000
Short-term loan (USD)	364,889	-	364,889
Short-term loan (VND)	151,561	-	151,561
Hire purchase financing	84	84	-
	957,871	84	957,787
Bank overdrafts	85	-	85
	957,956	84	957,872

B9. Derivative financial instruments

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

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	934,919	10,833
ii) Forward foreign currency contracts	281,317	944
Total derivative assets		11,777
<u>Derivative financial liabilities</u>		
i) Options contracts	420,400	20,607
ii) Futures contracts	147,781	1,780
iii) Forward foreign currency contracts	107,372	1,700
Total derivative liabilities		24,087

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 3Q2021, unrealised fair value gain on derivative financial instruments amounted to RM57.9 million (3Q2020: RM9.6 million loss).

For 9M2021, unrealised fair value gain on derivative financial instruments amounted to RM12.9 million (9M2020: RM12.7 million loss).

B10. Material litigation

There was no material litigation as at 24 November 2021.

B11. Dividend

An interim dividend of 10 sen per share in respect of financial year ending 31 December 2021 was paid on 28 September 2021.

The directors do not recommend the payment of any dividend for the third quarter under review.

B12. Earnings per share

	3rd Quarter ended		9 Months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	407,908	411,574	993,556	931,572
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	28.67	28.93	69.84	65.48

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

By Order of the Board
Mah Teck Keong
Company Secretary