

PPB GROUP BERHAD [196801000571 (8167-W)]
UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2023

Unaudited Condensed Consolidated Income Statements For The Financial Period Ended
31 March 2023

| | 1st Quarter ended | | 3 Months ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31 March | | 31 March | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing operations</u> | | | | |
| Revenue | 1,519,675 | 1,348,335 | 1,519,675 | 1,348,335 |
| Cost of sales | <u>(1,366,040)</u> | <u>(1,239,005)</u> | <u>(1,366,040)</u> | <u>(1,239,005)</u> |
| Gross profit | 153,635 | 109,330 | 153,635 | 109,330 |
| Other operating income/(expenses) | 72,758 | (171,453) | 72,758 | (171,453) |
| Distribution costs | (53,611) | (54,490) | (53,611) | (54,490) |
| Administrative expenses | (56,756) | (46,476) | (56,756) | (46,476) |
| Other expenses | (1,159) | (1,278) | (1,159) | (1,278) |
| Share of results of associates | 320,778 | 415,646 | 320,778 | 415,646 |
| Share of results of joint venture | 1,000 | 1,320 | 1,000 | 1,320 |
| Finance costs | <u>(21,631)</u> | <u>(12,588)</u> | <u>(21,631)</u> | <u>(12,588)</u> |
| Profit before taxation | 415,014 | 240,011 | 415,014 | 240,011 |
| Tax (expense)/credit | <u>(22,496)</u> | <u>42,616</u> | <u>(22,496)</u> | <u>42,616</u> |
| Profit for the period from continuing operations | 392,518 | 282,627 | 392,518 | 282,627 |
| <u>Discontinued operations</u> | | | | |
| Loss before taxation | - | (921) | - | (921) |
| Tax credit | - | 206 | - | 206 |
| Loss for the period from discontinued operations | - | (715) | - | (715) |
| Profit for the period | 392,518 | 281,912 | 392,518 | 281,912 |
| Attributable to : | | | | |
| Owners of the parent | | | | |
| Profit from continuing operations | 377,537 | 303,874 | 377,537 | 303,874 |
| Loss from discontinued operations | - | (715) | - | (715) |
| Profit for the period attributable to owners of the parent | <u>377,537</u> | <u>303,159</u> | <u>377,537</u> | <u>303,159</u> |
| Non-controlling interests | | | | |
| Profit/(loss) from continuing operations | <u>14,981</u> | <u>(21,247)</u> | <u>14,981</u> | <u>(21,247)</u> |
| Profit for the period | 392,518 | 281,912 | 392,518 | 281,912 |
| Basic earnings per share (sen) | | | | |
| - continuing operations | 26.54 | 21.36 | 26.54 | 21.36 |
| - discontinued operations | - | (0.05) | - | (0.05) |
| | <u>26.54</u> | <u>21.31</u> | <u>26.54</u> | <u>21.31</u> |

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022)

PPB GROUP BERHAD [196801000571 (8167-W)]
Unaudited Condensed Consolidated Statements Of Comprehensive Income
For The Financial Period Ended 31 March 2023

| | 1st Quarter ended | | 3 Months ended | |
|--|-------------------|----------------|----------------|----------------|
| | 31 March | | 31 March | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 392,518 | 281,912 | 392,518 | 281,912 |
| Other comprehensive income, net of tax | | | | |
| <u>Items that will not be subsequently reclassified to profit or loss</u> | | | | |
| Fair value gain/(loss) on investment in equity instruments designated as fair value through other comprehensive income | 34,538 | (6,082) | 34,538 | (6,082) |
| Share of associates' other comprehensive income/(loss) | 5,543 | (29,781) | 5,543 | (29,781) |
| <u>Items that will be subsequently reclassified to profit or loss</u> | | | | |
| Exchange differences on translation of foreign operations | 150,624 | 213,690 | 150,624 | 213,690 |
| Share of associates' other comprehensive income/(loss) | 123,903 | (96,622) | 123,903 | (96,622) |
| Total comprehensive income | 707,126 | 363,117 | 707,126 | 363,117 |
| Attributable to : | | | | |
| Owners of the parent | | | | |
| Total comprehensive income from continuing operations | 683,834 | 380,171 | 683,834 | 380,171 |
| Total comprehensive loss from discontinued operations | - | (715) | - | (715) |
| Total comprehensive income attributable to owners of the parent | 683,834 | 379,456 | 683,834 | 379,456 |
| Non-controlling interests | | | | |
| Total comprehensive income/(loss) from continuing operations | 23,292 | (16,339) | 23,292 | (16,339) |
| Total comprehensive income | 707,126 | 363,117 | 707,126 | 363,117 |

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022)

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

| | As at 31-Mar-23 RM'000 | As at 31-Dec-22 RM'000 |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,336,116 | 1,322,671 |
| Investment properties | 362,877 | 366,682 |
| Right-of-use assets | 391,063 | 373,976 |
| Bearer plants | 3,881 | 3,893 |
| Land held for property development | 98,170 | 98,170 |
| Goodwill | 70,232 | 70,232 |
| Other intangible assets | 12,317 | 12,604 |
| Investment in associates | 22,888,420 | 22,329,590 |
| Investment in joint venture | 32,680 | 31,159 |
| Other investments | 386,580 | 351,945 |
| Deferred tax assets | 51,765 | 55,695 |
| Total non-current assets | 25,634,101 | 25,016,617 |
| Current assets | | |
| Inventories | 1,372,959 | 1,090,095 |
| Biological assets | 22,184 | 19,980 |
| Property development costs | 3,093 | 2,523 |
| Trade receivables | 719,590 | 809,185 |
| Other receivables | 308,529 | 337,320 |
| Derivative financial assets | 9,740 | 289 |
| Current tax assets | 24,311 | 28,334 |
| Cash and cash equivalents | 1,537,668 | 1,587,047 |
| Total current assets | 3,998,074 | 3,874,773 |
| Assets classified as held for sale | - | 41,287 |
| | 3,998,074 | 3,916,060 |
| TOTAL ASSETS | 29,632,175 | 28,932,677 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1,429,314 | 1,429,314 |
| Reserves | 25,054,108 | 24,401,527 |
| Equity attributable to owners of the parent | 26,483,422 | 25,830,841 |
| Non-controlling interests | 731,921 | 737,667 |
| Total equity | 27,215,343 | 26,568,508 |

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

| | As at 31-Mar-23 RM'000 | As at 31-Dec-22 RM'000 |
|---|---------------------------------------|---------------------------------------|
| Non-current liabilities | | |
| Borrowings | 67,264 | 68,691 |
| Lease obligations | 354,743 | 339,949 |
| Deferred tax liabilities | 116,149 | 114,433 |
| Provision for restoration cost | 47,270 | 45,320 |
| Total non-current liabilities | <u>585,426</u> | <u>568,393</u> |
| Current liabilities | | |
| Trade payables | 293,190 | 225,106 |
| Other payables | 208,092 | 202,789 |
| Derivative financial liabilities | 21,468 | 41,110 |
| Borrowings | 1,256,185 | 1,278,516 |
| Lease obligations | 43,115 | 41,318 |
| Current tax liabilities | 9,356 | 2,732 |
| Total current liabilities | <u>1,831,406</u> | <u>1,791,571</u> |
| Liabilities directly associated with the assets held for sale | - | 4,205 |
| | <u>1,831,406</u> | <u>1,795,776</u> |
| Total liabilities | <u>2,416,832</u> | <u>2,364,169</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>29,632,175</u></u> | <u><u>28,932,677</u></u> |

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022)

Unaudited Condensed Consolidated Statements Of Changes In Equity For The Financial Period Ended 31 March 2023

| | 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>3 Months ended 31 March 2023</u> | | | | | | |
| At 1 January 2023 | 1,429,314 | 4,115,216 | 20,286,311 | 25,830,841 | 737,667 | 26,568,508 |
| Profit for the period | - | - | 377,537 | 377,537 | 14,981 | 392,518 |
| Other comprehensive income | - | 306,297 | - | 306,297 | 8,311 | 314,608 |
| Total comprehensive income | - | 306,297 | 377,537 | 683,834 | 23,292 | 707,126 |
| Transfer of reserves | - | 37,268 | (37,268) | - | - | - |
| Share of other changes in equity of associates | - | (36,460) | 5,207 | (31,253) | - | (31,253) |
| Dividends paid to non-controlling interest of subsidiaries | - | - | - | - | (31,531) | (31,531) |
| Issue of shares to non-controlling interests | - | - | - | - | 2,643 | 2,643 |
| Disposal of a subsidiary | - | - | - | - | (150) | (150) |
| At 31 March 2023 | <u>1,429,314</u> | <u>4,422,321</u> | <u>20,631,787</u> | <u>26,483,422</u> | <u>731,921</u> | <u>27,215,343</u> |

3 Months ended 31 March 2022

| | | | | | | |
|--|------------------|------------------|-------------------|-------------------|----------------|-------------------|
| At 1 January 2022 | 1,429,314 | 4,277,355 | 18,724,819 | 24,431,488 | 748,815 | 25,180,303 |
| Profit/(loss) for the period | - | - | 303,159 | 303,159 | (21,247) | 281,912 |
| Other comprehensive income/(loss) | - | 83,091 | (6,794) | 76,297 | 4,908 | 81,205 |
| Total comprehensive income/(loss) | - | 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 | <u>1,429,314</u> | <u>4,470,716</u> | <u>18,920,798</u> | <u>24,820,828</u> | <u>732,476</u> | <u>25,553,304</u> |

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022)

PPB GROUP BERHAD [196801000571 (8167-W)]
Unaudited Condensed Consolidated Statements Of Cash Flows
For The Financial Period Ended 31 March 2023

| | 3 Months ended 31 March | |
|--|--------------------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax from continuing operations | 415,014 | 240,011 |
| Loss before tax from discontinued operations | - | (921) |
| Profit before taxation | 415,014 | 239,090 |
| Adjustments: | | |
| Non-cash items | (318,155) | (250,904) |
| Non-operating items | 8,376 | 8,557 |
| Operating profit/(loss) before working capital changes | 105,235 | (3,257) |
| Working capital changes:- | | |
| Net change in current assets | (147,255) | (239,379) |
| Net change in current liabilities | 64,533 | 22,504 |
| Cash generated from/(used in) operations | 22,513 | (220,132) |
| Tax paid | (5,227) | (8,212) |
| Net cash generated from/(used in) operating activities | 17,286 | (228,344) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition of property, plant and equipment, investment properties, biological assets and other intangible assets | (38,976) | (30,288) |
| Proceeds from disposal of property, plant and equipment | 158 | 2,411 |
| Proceeds from disposal of a subsidiary | 50,322 | 8,931 |
| Dividends received | 60 | 7,223 |
| Income received from short-term fund placements | 8,675 | 3,241 |
| Interest received | 4,347 | 695 |
| Advances to associates | (12) | (1,342) |
| Proceeds from liquidation of a subsidiary | 3,722 | - |
| Net cash generated from/(used in) investing activities | 28,296 | (9,129) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayment)/Drawdown of bank borrowings | (50,761) | 406,837 |
| Interest paid | (17,498) | (9,193) |
| Dividends paid | (31,531) | - |
| Payment of lease obligations | (14,048) | (9,370) |
| Shares issued to non-controlling interest of a subsidiary | 4,434 | - |
| Net cash (used in)/generated from financing activities | (109,404) | 388,274 |
| Net (decrease)/increase in cash and cash equivalents | (63,822) | 150,801 |
| Cash and cash equivalents brought forward | 1,596,559 | 1,296,316 |
| Effect of exchange rate changes | 4,931 | (965) |
| Cash and cash equivalents carried forward | 1,537,668 | 1,446,152 |
| (including cash in asset classified as held for sale) | | |
| <u>Cash and cash equivalents represented by:</u> | | |
| Cash and bank balances | 329,912 | 785,678 |
| Bank deposits | 251,381 | 147,490 |
| Short-term fund placements | 956,375 | 512,984 |
| | 1,537,668 | 1,446,152 |

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022)

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 2022 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2023 :

- Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising a Single Transaction

The adoption of the above Amendments to MFRS do not have any material impact on the condensed financial statements in the period of initial application.

A2. Seasonality or cyclical 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 2023.

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 2023 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>Property</u> | <u>Other operations</u> | <u>Inter-segment elimination</u> | <u>Total</u> |
|--|------------------------------------|------------------------------|---|-----------------|-----------------------------|--------------------------------------|------------------|
| REVENUE | | | | | | | |
| External revenue | 1,160,787 | 199,323 | 128,352 | 22,897 | 8,316 | - | 1,519,675 |
| Inter-segment sales | 31,694 | 1,257 | - | 200 | - | (33,151) | - |
| Total revenue | 1,192,481 | 200,580 | 128,352 | 23,097 | 8,316 | (33,151) | 1,519,675 |
| RESULTS | | | | | | | |
| Segment results | 60,937 | 8,097 | (4,397) | 1,633 | 34,244 | - | 100,514 |
| Share of results of associates | (2,478) | (756) | 4,372 | (907) | 320,547 | - | 320,778 |
| Share of results of joint venture | - | - | - | - | 1,000 | - | 1,000 |
| Unallocated corporate expenses | - | - | - | - | - | - | (7,278) |
| Profit/(loss) before taxation | 58,459 | 7,341 | (25) | 726 | 355,791 | - | 415,014 |

A8. Material events subsequent to the end of the interim period

There were no material events or transactions since the end of the financial period to the date of this announcement which materially affect the results of the Group.

A9. Changes in the composition of the Group

On 28 February 2023, Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company completed the disposal of its entire 99.57% equity interest in Malayan Adhesives and Chemicals Sdn Bhd ("MAC") to Techbond Group Bhd for a cash consideration of RM57 million. A gain on disposal of RM24.5 million was recorded during the quarter. Arising therefrom, MAC has ceased to be a subsidiary of CQ.

Other than 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 financial period under review.

A10. Changes in contingent liabilities or contingent assets

On 5 August 2022, FFM Berhad ("FFM"), an 80%-owned 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 was 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 has on 31 January 2023 submitted the required written representation to MyCC.

A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 31 March 2023 are as follows:

| | RM'000 |
|--|-----------------------|
| Property, plant and equipment, investment properties and biological assets | |
| - contracted | 58,075 |
| - not contracted | 420,116 |
| | <u>478,191</u> |
| Other commitments | |
| - contracted | 387,256 |
| Total | <u>865,447</u> |

A12. Significant related party transactions

Significant related party transactions during the financial period ended 31 March 2023 are as follows:

| | RM'000 |
|--|----------------|
| Transactions with associates | |
| - Sales of goods | 3,131 |
| - Purchase of goods | 2,522 |
| | <u>5,653</u> |
| Transactions with subsidiaries of the ultimate holding company | |
| - Sales of goods | 4,540 |
| | <u>4,540</u> |
| Transactions with subsidiaries of associates | |
| - Purchase of goods | 178,393 |
| - Sales of goods | 39,307 |
| - Other services expenses | 3,719 |
| - Freight cost | 38,542 |
| | <u>260,001</u> |

B1. Performance analysis

Group financial performance by business segment

| 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 (discontinued operations)</u> | <u>Property</u> | <u>Other operations</u> | <u>Inter-segment elimination</u> | <u>Total</u> |
|--|--------------------------------|--------------------------|---|--|-----------------|-------------------------|----------------------------------|------------------|
| 1Q2023 | | | | | | | | |
| REVENUE | | | | | | | | |
| External revenue | 1,160,787 | 199,323 | 128,352 | - | 22,897 | 8,316 | - | 1,519,675 |
| Inter-segment sales | 31,694 | 1,257 | - | - | 200 | - | (33,151) | - |
| Total revenue | 1,192,481 | 200,580 | 128,352 | - | 23,097 | 8,316 | (33,151) | 1,519,675 |
| RESULTS | | | | | | | | |
| Segment results | 60,937 | 8,097 | (4,397) | - | 1,633 | 34,244 | - | 100,514 |
| Share of results of associates | (2,478) | (756) | 4,372 | - | (907) | 320,547 | - | 320,778 |
| Share of results of joint venture | - | - | - | - | - | 1,000 | - | 1,000 |
| Unallocated corporate expenses | - | - | - | - | - | - | - | (7,278) |
| Profit/(Loss) before taxation | 58,459 | 7,341 | (25) | - | 726 | 355,791 | - | 415,014 |
| 1Q2022 | | | | | | | | |
| REVENUE | | | | | | | | |
| External revenue | 1,044,329 | 183,490 | 63,943 | 33,303 | 35,292 | 21,318 | - | 1,381,675 |
| Inter-segment sales | 27,520 | 678 | - | 37 | 201 | 28 | (28,464) | - |
| Total revenue | 1,071,849 | 184,168 | 63,943 | 33,340 | 35,493 | 21,346 | (28,464) | 1,381,675 |
| RESULTS | | | | | | | | |
| Segment results | (161,035) | 7,120 | (28,734) | (936) | 9,225 | 3,562 | - | (170,798) |
| Share of results of associates | 22,729 | (150) | (1,172) | - | (72) | 394,311 | - | 415,646 |
| Share of results of joint venture | - | - | - | 15 | - | 1,320 | - | 1,335 |
| Unallocated corporate expenses | - | - | - | - | - | - | - | (7,093) |
| (Loss)/Profit before taxation | (138,306) | 6,970 | (29,906) | (921) | 9,153 | 399,193 | - | 239,090 |
| Variance | | | | | | | | |
| Revenue (%) | 11% | 9% | >100% | -100% | -35% | -61% | -16% | 10% |
| Profit/(Loss) before taxation (%) | n.m | 5% | 100% | n.m | -92% | -11% | - | 74% |

n.m - not meaningful

Group performance review

For the first quarter of 2023, the Group achieved total revenue of RM1.52 billion, an increase of 10% as compared to RM1.38 billion recorded in 1Q2022. Pre-tax profit increased by 74% to RM415 million (1Q2022: RM239 million). This was mainly attributable to the turnaround of the *Grains and agribusiness* and *Film exhibition and distribution* segments; contribution from Wilmar International Limited ("Wilmar") however, was lower by 19% to RM321 million (1Q2022: RM394 million).

Grains and agribusiness

Segment revenue increased by 11% to RM1.16 billion (1Q2022: RM1.04 billion). The segment recorded a profit of RM58 million for 1Q2023 (1Q2022: RM138 million loss). The improved performance was mainly attributable to a stabilised grains commodity market.

Consumer products

Segment revenue and profit for 1Q2023 were higher by 9% and 5% to RM199 million (1Q2022: RM183 million) and RM7.3 million (1Q2022: RM7.0 million) respectively. This was mainly attributable to higher sales of bakery and consumer products.

Film exhibition and distribution

Segment revenue for 1Q2023 increased significantly to RM128 million (1Q2022: RM64 million). The segment reported a marginal loss of RM25,000 in 1Q2023 (1Q2022: RM30 million loss), on the back of a 113% and 96% increase in admissions and box office collections respectively.

Property

Segment revenue and profit for 1Q2023 were lower at RM23 million (1Q2022: RM35 million) and RM726,000 (1Q2022: RM9.2 million) respectively. The lower revenue and profit was mainly attributable to the absence of progressive profit recognised for sold units as the Megah Rise residential project has been fully completed in August 2022; and higher mall operating costs.

Other operations

Segment profit decreased by 11% to RM356 million in 1Q2023 (1Q2022: RM399 million). Contribution from Wilmar was lower at RM321 million (1Q2022: RM394 million), partially offset by a gain on disposal of Malayan Adhesives and Chemicals Sdn Bhd amounting to RM24.5 million (Refer to Note A9).

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

For 1Q2023, profit before taxation was lower at RM415 million as compared to RM446 million recorded in 4Q2022, mainly attributed to lower contribution from Wilmar at RM321 million (4Q2022: RM387 million), partially offset by a significantly lower loss at the *Film exhibition and distribution* segment of RM25,000 (4Q2022: RM26 million loss).

B3. Prospects

The Malaysian economy expanded in the first quarter of 2023 by 5.6%, driven mainly by domestic demand, especially private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. The economic performance on the supply side was attributed to continuous growth of the services and manufacturing sectors.

Despite global headwinds, the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023, driven by firm domestic demand. Improving employment and income as well as continued implementation of multi-year projects would support consumption and investment activity.

Whilst the volatility of global grains commodity prices have moderated at the beginning of 2023 as the market has factored in the supply disruption caused by the Russian-Ukraine war, potential adverse weather condition in certain major grains growing countries may affect the grains commodity prices.

On the back of a stable grains commodity market, coupled with our continuous effort to drive production and cost efficiency, we expect the *Grains and Agribusiness* segment to perform satisfactorily.

The *Consumer Products* segment will continue to leverage its well-established nation-wide distribution network and integrated marketing system to enhance its operational efficiency in distributing a widely accepted range of necessities, while expanding its range of consumer products and widen its distribution base. We expect the segment to perform satisfactorily.

The recovery of the *Film Exhibition and Distribution* segment is in line with the ongoing improvement in consumer sentiment and confidence. The upcoming lineup of strong movie titles beginning second quarter of this year would contribute positively to the segment's performance in 2023.

We expect the *Property* Segment to perform satisfactorily as the new development projects in Kedah and Penang are in its planning stage. Improved malls occupancy and footfall are expected to contribute positively to the top line of this segment in 2023.

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-23 RM'000 |
|---|---|
| Profit before taxation was stated after crediting/(charging): | |
| Interest income and income from short-term fund placements | 13,195 |
| Dividend income | 60 |
| Net foreign exchange loss | (9,260) |
| Gain on disposal of subsidiary | 24,501 |
| Net fair value gain on derivatives | 35,026 |
| Net write back of impairment on receivables | 290 |
| Depreciation and amortisation | (50,130) |
| Interest expense on lease obligations | (4,099) |

B6. Tax (expense)/credit

| | 1st Quarter ended 31-Mar-23 RM'000 |
|--|---|
| Taxation based on the profit for the financial period: | |
| Malaysian taxation: | |
| Current tax expense | (16,440) |
| Deferred tax expense | (4,802) |
| | (21,242) |
| Foreign taxation: | |
| Current tax expense | (648) |
| Deferred tax expense | (606) |
| | (22,496) |

The effective tax rate for 1Q2023 stood at 24%.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed.

B8. Group borrowings

Total Group borrowings as at 31 March 2023 were as follows:

| | Total RM'000 | Secured RM'000 | Unsecured RM'000 |
|----------------------------|------------------|-------------------|---------------------|
| Long-term bank borrowings | | | |
| Long-term bank loan (RM) | 44,500 | 44,500 (a) | - |
| Long-term bank loan (VND) | 22,764 | 22,764 (b) | - |
| | 67,264 | 67,264 | - |
| Short-term bank borrowings | | | |
| Revolving credit (RM) | 163,674 | 50,000 (a) | 113,674 |
| Revolving credit (IDR) | 284,380 | - | 284,380 |
| Short-term loan (RM) | 152,000 | - | 152,000 |
| Short-term loan (USD) | 444,252 | - | 444,252 |
| Short-term loan (VND) | 211,879 | 4,139 (b) | 207,740 |
| | 1,256,185 | 54,139 | 1,202,046 |

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

- (a) The RM-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 31 March 2023

| | Contract / Notional value RM'000 | Fair value - Assets / Liabilities RM'000 |
|---|---|---|
| <u>Derivative financial assets</u> | | |
| i) Futures contracts | 197,121 | 8,399 |
| ii) Forward foreign currency contracts | 552,957 | 1,341 |
| Total derivative assets | | 9,740 |
| <u>Derivative financial liabilities</u> | | |
| i) Options contracts | 1,725,680 | 15,731 |
| ii) Futures contracts | 196,691 | 1,111 |
| iii) Forward foreign currency contracts | 436,866 | 4,626 |
| Total derivative liabilities | | 21,468 |

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. 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 1Q2023, unrealised fair value loss on derivative financial instruments amounted to RM1.5 million (1Q2022: RM52.4 million).

B10. Material litigation

There was no material litigation as at the date of this report.

B11. Dividend

At the 54th Annual General Meeting on 17 May 2023, shareholders of the Company have approved a final dividend of 28 sen per share for the financial year ended 31 December 2022, payable on Thursday, 8 June 2023.

B12. Earnings per share

| | 1st Quarter ended | | 3 Months ended | |
|--|-------------------|------------------|------------------|------------------|
| | 31 March | | 31 March | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the period | <u>377,537</u> | <u>303,159</u> | <u>377,537</u> | <u>303,159</u> |
| Number of ordinary shares in issue ('000) | <u>1,422,599</u> | <u>1,422,599</u> | <u>1,422,599</u> | <u>1,422,599</u> |
| Basic earnings per share (sen) | <u>26.54</u> | <u>21.31</u> | <u>26.54</u> | <u>21.31</u> |

There were no potential dilutive ordinary shares outstanding as at 31 March 2023 and 31 March 2022. As such, there were no diluted earnings per share for the financial period ended 31 March 2023 and 31 March 2022.

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

The auditors' report for the financial year ended 31 December 2022 was not subject to any qualification.

Kuala Lumpur
31 May 2023

By Order of the Board
Mah Teck Keong
Company Secretary