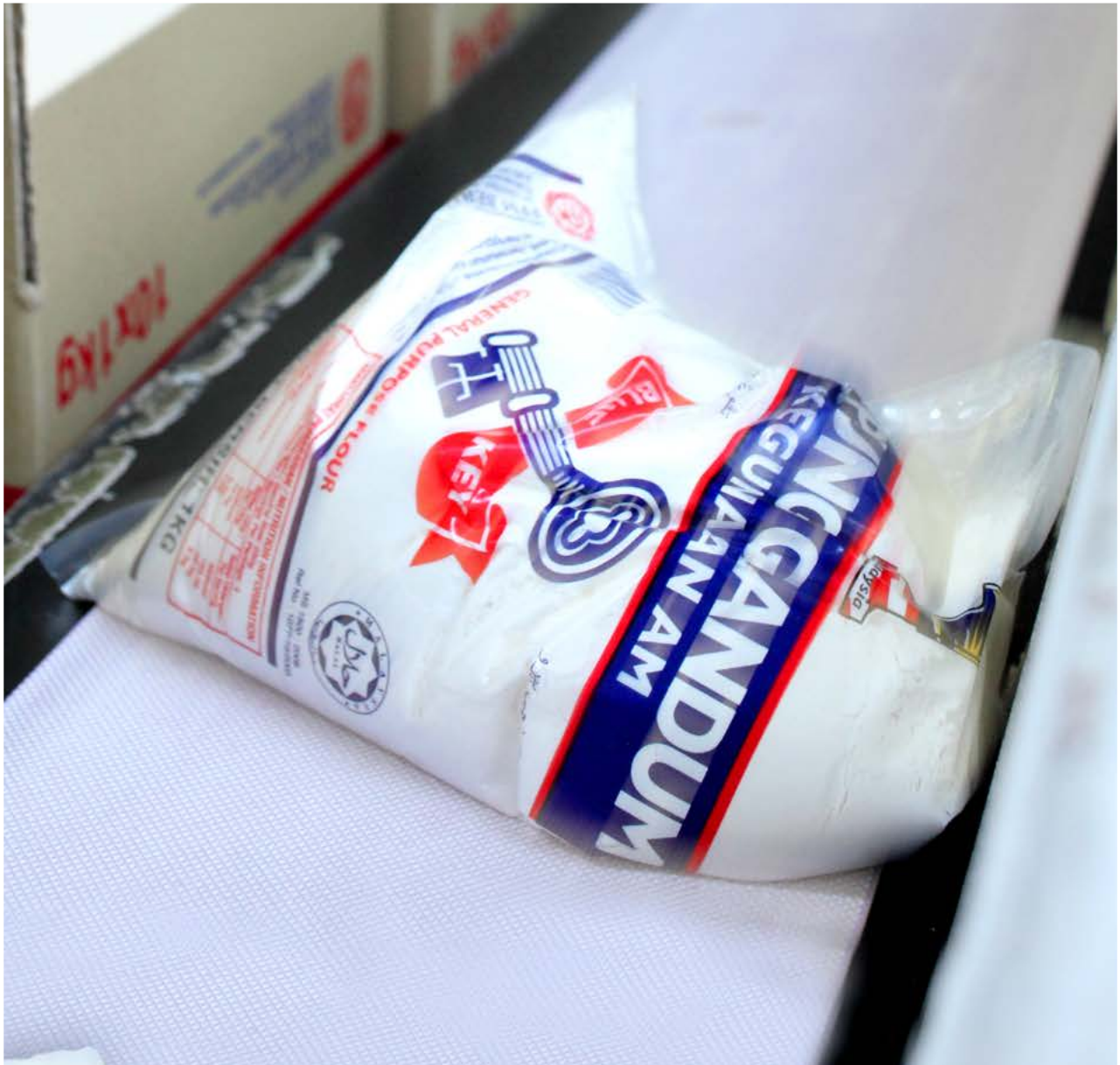




PPB GROUP BERHAD



QUARTERLY REPORT 01



Investor Update 2020

FROM THE DESK

DEAR SHAREHOLDERS,

WE WISH TO REPORT THAT PPB GROUP REGISTERED REVENUE OF RM1.07 BILLION FOR 1Q2020, 8% LOWER COMPARED WITH 1Q2019. PRE-TAX PROFIT DECREASED BY 28% TO RM201 MILLION COMPARED WITH RM280 MILLION IN 1Q2019. THIS WAS DUE TO A 59% DECLINE IN THE CORE GROUP PROFIT WHILST CONTRIBUTION FROM OUR 18.5% ASSOCIATE, WILMAR INTERNATIONAL LIMITED WAS LOWER BY 14% AT RM165 MILLION.

FINANCIAL SUMMARY FOR THE 1ST QUARTER OF 2020

The substantial decline in the core group profit was mainly from the Film Exhibition and Distribution segment which was adversely affected by the postponement of blockbuster movies slated for the Chinese New Year due to the Covid-19 pandemic as well as the forced closure of cinemas during the Movement Control Order (MCO) on 18 March 2020. The implementation of the MCO also disrupted the Property segment in terms of property sales and rental rebates to certain tenants.

Profit for the period was RM188 million, 28% lower than 1Q2019 and accordingly, earnings per share for 1Q2020 stood at 13.16 sen compared with 17.46 sen in the first quarter of last year.

For FY2020, the challenging operating environment is expected to affect mainly our Film Exhibition and Distribution, and Property segments; however PPB Group's other main business segments are expected to perform satisfactorily. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

HAPPENINGS

In support of the inaugural China Film Week 2020, Golden Screen Cinemas (GSC) screened seven Chinese films at GSC Mid Valley, which was complimentary to the general public.

CSR ACTIVITIES

Covid-19 Initiatives

The Covid-19 pandemic which is no respecter of communities or borders, caught many people and businesses unprepared. Our government implemented the Movement Control Order (MCO) on 18 March 2020 followed by the Conditional MCO, to curb the spread of the pandemic. During the MCO, many had lost their jobs and some businesses were forced to close. The PPB Group assisted the community in various ways to help them deal with the pandemic.

The Group granted a two-month rent-free period to all its tenants which were non-operational during the MCO. We also contributed 10,000 pieces of N95 face masks; 500 packs of "Covid-19 Care Packages" of ready-to-eat products; two units of Powered Air Purifying Respiration (PAPR); and 50 litres of hand sanitiser to various government hospitals and front-liners.

PPB will also be assisting needy families with groceries and rebuilding their livelihood as well as provide personal protective equipment (PPE) to front-liners in the following months.



OF THE CHAIRMAN



Others

In conjunction with the Chinese New Year celebrations, PPB staff spent time with the senior citizens of Shan Ai Handicapped Welfare Home and Rumah Victory Old Folks Home. In another occasion, Cheras LeisureMall hosted a charity luncheon for 100 senior citizens from five charity homes in the Klang Valley.

Cheras LeisureMall launched its inaugural “Give. Share. Love” campaign on 4 February 2020 for the needy through two charity programmes. They are “Food for Love”, where a collection box is placed in the Mall to collect non-perishable food items; and “Eye Care for You”, a joint CSR activity with the optical care tenants to provide spectacles to children from charity homes on a quarterly basis.

Cheras LeisureMall together with the Society of New Hope and Economic Development Malaysia (NHEDM) organised a health carnival which included a blood donation campaign where a total of 90 pints of blood was collected.

On 24 February 2020, GSC collaborated with Friends to Mankind (FtoM) to launch The Book Effect campaign, whereby movie-goers can read and exchange books at the mini libraries set up at selected GSC cinemas in the Klang Valley, as well as donate old books to FtoM.

Malayan Adhesives and Chemicals Sdn Bhd (MAC), a 99.6%-subsidiary of Chemquest Sdn Bhd, collaborated on 29 February 2020 with Jabatan Perhutanan Daerah Pantai Klang, Universiti Putra Malaysia (UPM) and Paya Bakau Sijangkang Recreational Park to repair and upgrade facilities at the Mangrove Swamp Recreation Park in Sijangkang, Kuala Langat.

AIDILFITRI GREETINGS

I wish to take this opportunity to wish our Muslim shareholders and friends “Salam Aidilfitri”.

Tan Sri Datuk Oh Siew Nam

Chairman

16 June 2020

HAPPENINGS

1



CHINA FILM WEEK 2020

THE EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA INITIATED THE INAUGURAL CHINA FILM WEEK 2020 WHICH WAS HELD FROM 16 TO 19 JANUARY EXCLUSIVELY IN GSC MID VALLEY, WITH THE OBJECTIVES OF PROMOTING GREATER PEOPLE-TO-PEOPLE CONTACT AND SUSTAINABLE SOCIO-ECONOMIC GROWTH.



A total of 7 films were screened, with free entrance for the general public. The titles screened included Xuan Zang (2016), Go Away Mr Tumour (2015), Hello Mr Billionaire (2018), Running Like Wind (2017), A Smile from the Mountain (2018), Wolf Totem (2015) and Six Years, Six Days (2017).



CSR ACTIVITIES

1



CHINESE NEW YEAR CELEBRATIONS

THIS YEAR, PPB ORGANISED SEPARATE CHINESE NEW YEAR (“CNY”) LUNCHES FOR TWO OLD FOLKS HOMES, SHAN AI HANDICAPPED WELFARE HOME AND RUMAH VICTORY OLD FOLKS HOME. PPB CONTRIBUTED ELECTRICAL APPLIANCES MUCH NEEDED BY SHAN AI; AND TWO UNITS OF DESKTOP COMPUTERS TO RUMAH VICTORY, IN ADDITION TO GROCERIES AND CUSTOMIZED T-SHIRTS. THE RESIDENTS WERE ALSO TREATED TO SUMPTUOUS BUFFET LUNCHES. AT RUMAH VICTORY, MOST OF THE RESIDENTS ENJOY KARAOKE, AND WERE ENTERTAINED WITH A MEDLEY OF CNY SONGS AND GOLDEN OLDIES BY MRS MALAYSIA CHINATOWN 2014, MS JERICASH CHAN.



Cheras LeisureMall (CLM) launched its inaugural “Give. Share. Love” campaign on 4 February 2020 to assist the needy through two charity programmes, viz “Food for Love” and “Eye Care for You”.

Under the “Food for Love” programme, a special food collection box was placed in the mall to collect non-perishable food items from the mall’s tenants and members of the public. Food items collected were then channelled to the selected charity homes on a monthly basis.

“Eye Care for You” is a joint programme with CLM’s optical care tenants namely Focus Point, MOG, OWL and Plus Minus Eyewear, whereby each optical care tenant provides 10 prescribed spectacles to children from selected charity homes on a quarterly basis.

It has been an annual practice since 1995 for the CLM team to host a special CNY luncheon for charity homes. This year, 100 senior citizens from Charis Sheep Pen Shelter, Persatuan Kebajikan dan Sosial Kim Loo Ting, Rumah Kasih, Rumah Orang-Orang Tua Seri Setia, and Rumah Victory Elderly Home were invited to the CNY luncheon.

CSR ACTIVITIES

2



GSC AND FRIENDS TO MANKIND TEAM UP TO BUILD COMMUNITY LIBRARIES

GOLDEN SCREEN CINEMAS (GSC) HAS PARTNERED WITH FRIENDS TO MANKIND (FTOM) TO BRING 'THE BOOK EFFECT' CAMPAIGN, WHICH WAS LAUNCHED ON 24 FEBRUARY 2020 AT SELECTED CINEMAS IN THE KLANG VALLEY.



Through this collaboration, movie-goers who come to GSC can look forward to mini-libraries in the cinema's social spaces, where they can read, exchange, or even donate old books for FtoM to collect and build community libraries for the underprivileged. The mini-libraries are open to the public and are currently available at GSC 1 Utama, GSC IOI Puchong, GSC MyTOWN, GSC Melawati Mall, and GSC Setia City Mall.



3



BLOOD DONATION CAMPAIGN

WITH THE OBJECTIVE OF RAISING PUBLIC AWARENESS ABOUT HEALTH AND WELL-BEING, CHERAS LEISUREMALL COLLABORATED WITH THE SOCIETY OF NEW HOPE AND ECONOMIC DEVELOPMENT MALAYSIA (NHEDM) TO ORGANISE A HEALTH CARNIVAL ON 5 JANUARY 2020.

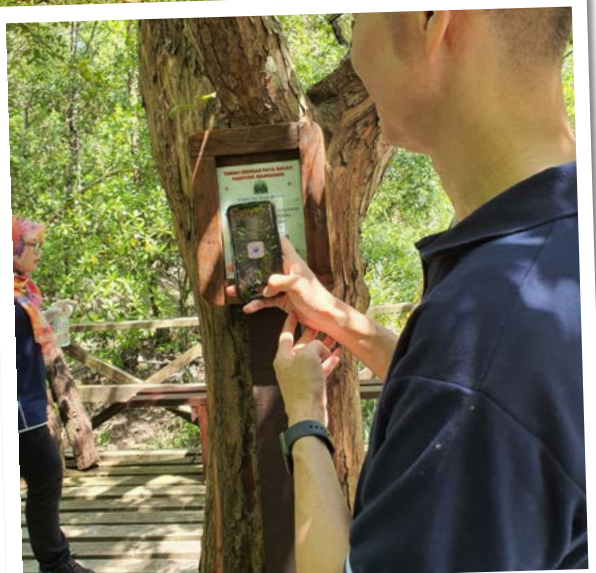
The health carnival covered a blood donation campaign, thyroid scan, wormwood therapy, dengue fever test, full body check-up, free medical consultation, as well as a charity bazaar and Chinese New Year activities. A total of 90 pints of blood was collected from the event.

CSR ACTIVITIES

4



MAC HELPS TO UPGRADE MANGROVE SWAMP RECREATION PARK IN SIJANGKANG



ON 29 FEBRUARY 2020, MALAYAN ADHESIVES AND CHEMICALS SDN BHD (MAC), A 99.6% SUBSIDIARY OF PPB GROUP, REPAIRED AND UPGRADED FACILITIES AT THE MANGROVE SWAMP RECREATION PARK IN SIJANGKANG, KUALA LANGAT, SELANGOR.

“One Touch QR Code” was launched on the same day whereby visitors are able to get more information on the various types of mangroves by scanning the QR code with their mobile devices.

This community project was a collaboration among MAC, Jabatan Perhutanan Daerah Pantai Klang, Universiti Putra Malaysia (UPM) and Taman Rekreasi Paya Bakau Sijangkang.

CSR ACTIVITIES

5



PPB GROUP SUPPORTS THE COMMUNITY DURING COVID-19 PANDEMIC

FOLLOWING THE IMPLEMENTATION OF THE MOVEMENT CONTROL ORDER (MCO) ON 18 MARCH 2020, PPB GROUP HAS BEEN ACTIVELY EXTENDING ITS SUPPORT TO THE COMMUNITY IN VARIOUS WAYS.



CSR ACTIVITIES

The PPB Group waived the rentals for the months of March and April 2020 to all tenants who were non-operational during the MCO. The properties included Cheras LeisureMall in Kuala Lumpur, as well as New World Park and The Whiteaways Arcade in Georgetown, Penang.

Not forgetting the front-liners who have put their own lives at risk, PPB with the assistance of Crisis Relief Services & Training Berhad (CREST) contributed 10,000 pieces of N95 face masks to government hospitals in Kuala Lumpur, Selangor, Johor and Perak.

FFM Berhad initiated the "Covid-19 Care Package", providing front-liners with ready-to-eat products, such as Massimo Cream Rolls, Kart's Quick Meal To Go, Meadow Fresh UHT Milk, V-Soy MultiGrain Soyabean Milk and Super Coffee Regular (3-in-1). The packages were distributed to the front-liners in six government hospitals in Kuala Lumpur, Selangor, Melaka, Ipoh, Pulau Pinang and Johor Bahru, as well as the Royal Malaysian Police and Malaysian Armed Forces in the Kuala Lumpur area.

PPB Hartabina Sdn Bhd contributed two units of Powered Air Purifying Respiration (PAPR) to the Intensive Care Unit (ICU) of Penang General Hospital; and 50 litres of hand sanitizer to Klinik Keluarga Kerajaan Jalan Perak, Penang for their Covid-19 Screening Centre.



SHARE ANALYSIS

PERFORMANCE OF DOMESTIC FINANCIAL MARKETS TRENDED DOWNWARDS DURING THE QUARTER FOLLOWING SUBSTANTIAL NON-RESIDENT PORTFOLIO OUTFLOWS AMID HEIGHTENED GLOBAL RISK AVERSION. THE GLOBAL RISK AVERSION WAS DRIVEN MAINLY BY UNCERTAINTIES SURROUNDING THE DURATION AND SEVERITY OF COVID-19 PANDEMIC, AND ITS IMPACT ON THE GLOBAL ECONOMY. THE FBM KLCI DECLINED BY 15% TO CLOSE AT 1,350.9 POINTS AS AT END-MARCH (END-DECEMBER: 1,588.8 POINTS).

Source : Bank Negara Malaysia website



PPB shares closed at RM16.42 compared with RM18.84 in the preceding quarter and market capitalisation decreased to RM23,366 million. The average daily volume of PPB shares traded during the quarter increased by 28.5% to 678,073 shares.

SHARE ANALYSIS

	1Q2020	4Q2019	% change
PPB share price (RM)			
Closing price (high)	19.28	19.96	-3.41%
Closing price (low)	15.70	17.80	-11.80%
Month end closing price	16.42	18.84	-12.85%
Weighted share price	17.52	18.37	-4.63%
Market capitalisation (RM' million)	23,366	26,809	-12.85%
PPB share trading volume (Number of shares)			
Daily volume (high)	3,788,100	3,053,300	24.07%
Daily volume (low)	38,700	118,300	-67.29%
Average daily volume	678,073	527,861	28.46%
FBM KLCI			
FBM KLCI closing (high)	1,219.72	1,615.67	-24.51%
FBM KLCI closing (low)	1,611.38	1,551.23	3.88%
FBM KLCI quarter end closing	1,350.89	1,588.76	-14.97%
FBM KLCI volume (Number of shares)			
Daily volume (high)	442,093,200	255,822,800	72.81%
Daily volume (low)	57,241,400	22,687,500	152.30%
Average daily volume	171,522,708	92,352,156	85.73%

FBM KLCI & PPB SHARE PRICE MOVEMENTS IN 1Q2020



GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)	3 months		12 months	
	31.03.20	31.03.19	Change %	31.12.19
INCOME STATEMENT				
Revenue	1,068	1,156	(7.6)	4,684
Profit before tax	201	280	(28.2)	1,272
Profit attributable to owners of the parent	187	248	(24.6)	1,153
STATEMENT OF FINANCIAL POSITION				
Non-current assets	21,042	20,287	3.7	20,429
<u>Current assets</u>				
Cash and cash equivalents	1,452	1,336	8.7	1,501
Others	1,646	1,643	0.2	1,650
Total current assets	3,098	2,979	4.0	3,151
Total assets	24,140	23,266	3.8	23,580
<u>Equity</u>				
Share capital	1,429	1,429	0.0	1,429
Reserves	20,624	19,835	4.0	20,006
Equity attributable to owners of the parent	22,053	21,264	3.7	21,435
Non-controlling interests	697	714	(2.4)	696
Total equity	22,750	21,978	3.5	22,131
<u>Non-current liabilities</u>				
Borrowings	3	16	(81.3)	4
Others	351	316	11.1	360
Total non-current liabilities	354	332	6.6	364
<u>Current liabilities</u>				
Borrowings	421	468	(10.0)	357
Others	615	488	26.0	728
Total current liabilities	1,036	956	8.4	1,085
Total liabilities	1,390	1,288	7.9	1,449
Total equity and liabilities	24,140	23,266	3.8	23,580

GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)		3 months	12 months	
		31.03.20	31.03.19	31.12.19
RATIOS				
Return on equity attributable to owners of the parent (annualised)	(%)	3.4	4.7	5.4
Earnings per share	(sen)	13.2	17.5	81.0
Debt to equity	(times)	0.02	0.02	0.02
Net assets per share	(RM)	15.5	15.0	15.1
Net dividend per share	(sen)	-	-	31.0
STOCK MARKET INFORMATION				
Share price	(RM)	16.42	18.32	18.84
Market capitalisation	(RM million)	23,366	26,069	26,809

ANNOUNCEMENTS

FEBRUARY 2020



PPB announced that the quarterly report for the 4th quarter ended 31 December 2019 would be released on 27 February 2020.



Release of PPB's quarterly report for the 4th quarter ended 31 December 2019.



A final* dividend of 23 sen per share in respect of the financial year ended ("FYE") 31 December 2019 was proposed for shareholders' approval at the 51st Annual General Meeting ("AGM"), payable on 2 June 2020 to members whose names appear in the Record of Depositors on 18 May 2020.

* On 6 April 2020, PPB announced the re-classification of the proposed final dividend as a second interim dividend of 23 sen per share for FYE 31 December 2019. The entitlement and payment dates for the second interim dividend remain unchanged.



PPB announced that shareholders' approval would be sought at the 51st AGM for the following:

- a) proposed renewal of and additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature; and
- b) proposed renewal of authority for PPB to purchase its own ordinary shares of up to 10% of the issued shares.

CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

	1st Quarter ended 31 March		3 Months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	1,067,990	1,156,386	1,067,990	1,156,386
Operating expenses	(1,041,316)	(1,105,554)	(1,041,316)	(1,105,554)
Operating profit	26,674	50,832	26,674	50,832
Other operating (loss)/income	(7,546)	24,194	(7,546)	24,194
Share of results of associates	186,967	213,400	186,967	213,400
Share of results of joint venture	1,584	204	1,584	204
Finance costs	(6,757)	(8,768)	(6,757)	(8,768)
Profit before taxation	200,922	279,862	200,922	279,862
Tax expense	(12,451)	(17,919)	(12,451)	(17,919)
Profit for the period	188,471	261,943	188,471	261,943
Attributable to :				
Owners of the parent	187,266	248,448	187,266	248,448
Non-controlling interests	1,205	13,495	1,205	13,495
Profit for the period	188,471	261,943	188,471	261,943
Basic earnings per share (sen)	13.16	17.46	13.16	17.46

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2020

	1st Quarter ended 31 March		3 Months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the period	188,471	261,943	188,471	261,943
Other comprehensive income/(loss), 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	(124,033)	8,973	(124,033)	8,973
Share of associates' other comprehensive loss	-	(9,580)	-	(9,580)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations				
- Gain/(Loss) arising during the period	927,000	(200,751)	927,000	(200,751)
Share of associates' other comprehensive (loss)/income	(371,853)	180,457	(371,853)	180,457
Total comprehensive income	619,585	241,042	619,585	241,042
Attributable to :				
Owners of the parent	618,220	224,361	618,220	224,361
Non-controlling interests	1,365	16,681	1,365	16,681
Total comprehensive income	619,585	241,042	619,585	241,042

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31-Mar-20 RM'000	As at 31-Dec-19 RM'000
Assets		
Non-current Assets		
Property, plant and equipment	1,306,799	1,337,417
Investment properties	266,553	265,770
Right-of-use assets	237,336	245,769
Bearer plant	3,142	3,042
Goodwill	73,704	73,704
Other intangible assets	16,139	9,177
Land held for property development	100,208	100,178
Investment in associates	18,722,009	17,960,226
Investment in joint venture	19,757	17,404
Receivables	13,754	10,600
Other investments	281,552	405,179
Deferred tax assets	848	342
	21,041,801	20,428,808
Current Assets		
Inventories	746,738	802,513
Biological assets	11,531	16,767
Other intangible assets	25	25
Property development costs	19,864	18,881
Receivables	853,148	801,805
Derivative financial assets	5,301	128
Current tax assets	9,979	9,921
Cash and cash equivalents	1,451,555	1,500,909
	3,098,141	3,150,949
	24,139,942	23,579,757
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	20,624,165	20,005,945
Equity attributable to owners of the parent	22,053,479	21,435,259
Non-controlling interests	696,897	695,532
Total equity	22,750,376	22,130,791

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31-Mar-20 RM'000	As at 31-Dec-19 RM'000
Non-current Liabilities		
Borrowings	2,859	4,096
Lease obligations	220,969	227,976
Provision for restoration cost	29,340	29,340
Deferred tax liabilities	100,995	102,191
	354,163	363,603
Current Liabilities		
Payables	547,788	669,190
Derivative financial liabilities	21,902	17,339
Borrowings	420,919	357,075
Lease obligations	27,548	28,540
Provision for restoration cost	5,106	5,200
Current tax liabilities	12,140	8,019
	1,035,403	1,085,363
Total liabilities	1,389,566	1,448,966
TOTAL EQUITY AND LIABILITIES	24,139,942	23,579,757

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2020

	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 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	-	430,954	187,266	618,220	1,365	619,585
Transfer of reserves	-	6,740	(6,740)	-	-	-
At 31 March 2020	1,429,314	3,263,622	17,360,543	22,053,479	696,897	22,750,376
<u>3 months ended 31 March 2019</u>						
At 1 January 2019	1,429,314	3,166,516	16,444,244	21,040,074	696,797	21,736,871
Total comprehensive (loss)/income	-	(24,087)	248,448	224,361	16,681	241,042
Transfer of reserves	-	6,586	(6,586)	-	-	-
At 31 March 2019	1,429,314	3,149,015	16,686,106	21,264,435	713,478	21,977,913

Note :

The breakdown of non-distributable reserve is not shown due to limited information from investment in associates.

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2020

	3 months ended 31 March	
	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	200,922	279,862
Adjustments:		
Non-cash items	(103,581)	(170,178)
Non-operating items	(4,302)	(2,857)
Operating profit before working capital changes	93,039	106,827
Working capital changes:-		
Net change in current assets	(13,937)	116,367
Net change in current liabilities	(83,313)	(228,005)
Cash generated used in operations	(4,211)	(4,811)
Tax paid	(10,097)	(58,225)
Net cash used in operating activities	(14,308)	(18,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(44,394)	(22,876)
Proceeds from disposal of property, plant and equipment	326	248
Purchase of investments	(22,142)	(20)
Dividends received	558	210
Income received from short-term fund placements	9,648	7,056
Interest received	2,135	3,339
Repayment from/(advance to) associates	3,515	(217)
Distribution of profit from joint venture	933	1,532
Net cash used in investing activities	(49,421)	(10,728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of bank borrowings	27,264	(7,423)
Interest paid	(4,097)	(6,652)
Payment of lease obligations	(10,969)	(10,673)
Other financing activities	(28)	(18)
Net cash generated from/(used in) financing activities	12,170	(24,766)
Net decrease in cash and cash equivalents	(51,559)	(54,069)
Cash and cash equivalents brought forward	1,500,571	1,390,711
Effect of exchange rate changes	2,036	(898)
Cash and cash equivalents carried forward	1,451,048	1,335,744
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	197,614	199,998
Bank deposits	190,011	124,408
Short-term fund placements	1,063,930	1,011,676
Bank overdrafts	(507)	(338)
	1,451,048	1,335,744

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

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 2019 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101, and MFRS 108	Definition of Material
Amendments to MFRS 7, MFRS 9, and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

A2. Seasonality or cyclicity of interim operations

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

A3. Exceptional or unusual items

There were no exceptional or unusual items for the financial period ended 31 March 2020.

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. Dividends paid

No dividend was paid during the financial period under review.

NOTES

A7. Segmental reporting

Performance of the Group’s business segments for the financial period ended 31 March 2020 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	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	37,988	346	-	64	240	104	(38,742)	-
Total revenue	808,595	160,148	78,058	32,048	12,955	14,928	(38,742)	1,067,990
RESULTS								
Segment results	29,298	1,188	(18,151)	(646)	(200)	6,862	-	18,351
Share of results of associates	25,188	(1,214)	(1,322)	1,120	(2,275)	165,470	-	186,967
Share of results of joint venture	-	-	-	1,584	-	-	-	1,584
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,980)
Profit/(Loss) before taxation	54,486	(26)	(19,473)	2,058	(2,475)	172,332	-	200,922

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 contingent liabilities since the end of the previous financial year.

NOTES

A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 31 March 2020 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	25,394
- not contracted	433,868
	459,262
Other commitments	
- contracted	384,404
Total	843,666

A12. Significant related party transactions

Significant related party transactions during the financial period ended 31 March 2020 are as follows:

	RM'000
Transactions with associates	
- Purchase of goods	9,913
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	10,614
Transactions with subsidiaries of associates	
- Purchase of goods	44,365
- Sales of goods	27,699
- Other service expenses	3,070
- Freight cost	38,583

NOTES

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
1Q2020								
REVENUE								
External revenue	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	37,988	346	-	64	240	104	(38,742)	-
Total revenue	808,595	160,148	78,058	32,048	12,955	14,928	(38,742)	1,067,990
RESULTS								
Segment results	29,298	1,188	(18,151)	(646)	(200)	6,862	-	18,351
Share of results of associates	25,188	(1,214)	(1,322)	1,120	(2,275)	165,470	-	186,967
Share of results of joint venture	-	-	-	1,584	-	-	-	1,584
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,980)
Profit/(Loss) before taxation	54,486	(26)	(19,473)	2,058	(2,475)	172,332	-	200,922
1Q2019								
REVENUE								
External revenue	793,493	164,079	127,446	34,734	12,653	23,981	-	1,156,386
Inter-segment sales	32,808	416	-	64	280	112	(33,680)	-
Total revenue	826,301	164,495	127,446	34,798	12,933	24,093	(33,680)	1,156,386
RESULTS								
Segment results	43,480	2,970	15,313	2,081	2,410	10,062	-	76,316
Share of results of associates	16,501	(1,313)	2,461	1,804	405	193,542	-	213,400
Share of results of joint venture	-	-	-	204	-	-	-	204
Unallocated corporate expenses	-	-	-	-	-	-	-	(10,058)
Profit before taxation	59,981	1,657	17,774	4,089	2,815	203,604	-	279,862
Variance								
Revenue (%)	-2%	-3%	-39%	-8%	0%	-38%	-15%	-8%
Profit before tax (%)	-9%	->100%	->100%	-50%	->100%	-15%	0%	-28%

NOTES

B1. Performance analysis (Cont'd)**Group performance review**

For the first quarter of 2020, the Group recorded total revenue of RM1.07 billion, 8% lower as compared to 1Q2019 of RM1.16 billion. Pre-tax profit was at RM201 million, 28% lower as compared to RM280 million recorded in 1Q2019, core group profit was lower by 59%, whilst contribution from Wilmar International Limited (“Wilmar”) was also lower by 14% at RM165 million.

Grains and agribusiness

Segment revenue was lower by 2% at RM809 million (1Q2019: RM826 million) mainly due to lower flour sales in Indonesia and Malaysia as well as lower selling prices of livestock. Segment profit decreased by 9% to RM54 million (1Q2019: RM60 million) as a result of weaker contribution from the Indonesia flour mills, and lower selling prices for livestock, partially offset by higher profits from feed division as well as contribution from the China associates.

Consumer products

Segment revenue for 1Q2020 was lower by 3% at RM160 million (1Q2019: RM164 million). For 1Q2020, the segment reported a loss of RM26,000 (1Q2019: profit of RM1.7 million) due mainly to lower sales of in-house products.

Film exhibition and distribution

Segment revenue for 1Q2020 declined by 39% to RM78 million from RM127 million a year ago. The Covid-19 pandemic has lead to a deferment of movie title releases by major distributors and closure of cinemas which resulted in a 42% decline in cinema admissions. The segment recorded a loss of RM19 million for 1Q2020, as compared to a profit of RM18 million recorded in 1Q2019, mainly due to lower contribution from box office collection and cinema admissions.

Environmental engineering and utilities

Segment revenue and profit for 1Q2020 were lower at RM32 million (1Q2019: RM35 million) and RM2 million (1Q2019: RM4 million) respectively. The decrease was mainly due to lower contribution from on-going projects as recognition of project revenue was affected by the Movement Control Order (“MCO”) and reduced operational capacity.

Property

For 1Q2020, segment revenue remained relatively unchanged at RM13 million. The segment recorded a loss of RM2.5 million for 1Q2020 (1Q2019: profit of RM2.8 million), mainly attributable to lower rental income and lower contributions from associates.

Other operations

The segment recorded a profit of RM172 million in 1Q2020 (1Q2019: RM204 million). Profit contribution from Wilmar for 1Q2020 was RM165 million, 14% lower as compared to 1Q2019 of RM193 million.

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

Group pre-tax profit was lower at RM201 million in 1Q2020 (4Q2019: RM389 million) mainly due to lower contribution from Wilmar at RM165 million (4Q2019: RM308 million) and the **Film exhibition and distribution** segment which recorded a loss of RM19 million (4Q2019: profit of RM12 million).

NOTES

B3. Prospects

The Malaysia economy moderated sharply to 0.7% in the first quarter of 2020. The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the Covid-19 pandemic. The global and Malaysian economic outlook for 2020 will be significantly impacted by the Covid-19 pandemic as strict measures to contain the spread of the pandemic, will weigh considerably on both external demand and domestic growth.

The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic Movement Control Order (“MCO”) is lifted, economic activity is expected to gradually improve in 2H2020. The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support for growth in 2H2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

Whilst the **Grains & agribusiness** segment is in the production of essential food products, and it was allowed to operate during the MCO with conditions; there were, however, demand challenges as well as supply chain disruptions that it needs to deal with during this period. In addition, the on-going foreign exchange market volatility may affect production costs and margins. The business segment will remain vigilant and react swiftly to changing consumer demand and operating landscape and aims to deliver a satisfactory set of results.

The **Consumer products** segment, likewise, is facing consumer demand and supply challenges since the outbreak of the pandemic, particularly evolving changes in consumer buying preferences and behaviours. The business segment will remain agile and adaptive whilst maximising its extensive delivery footprint. Performance of the **Consumer products** segment is expected to be satisfactory.

The **Film exhibition and distribution** segment is expected to be significantly impacted by the prolonged MCO and disruptions from the Covid-19 pandemic. As a result, most blockbuster movies have been postponed to the later part of 2020 and 2021. Various cost-reduction and stringent cash flow management measures have been put in place to meet operational requirements. New promotions and initiatives are planned to bring customers back to the cinemas for the second half of the year.

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 be challenging, both in investment properties and property development. Various measures are being put in place to address the reduced footfall in our malls as well as slower sales of properties brought about by the Covid-19 pandemic.

On the back of a challenging operating environment which will affect the **Film exhibition and distribution** and **Property** segments, the Group’s other main business segments are expected to perform satisfactorily. 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.

NOTES

B5. Profit before taxation

	1st Quarter ended 31-Mar-20 RM'000
Profit before taxation was stated after charging/(crediting):	
Interest income and income from short-term fund placements	(11,001)
Dividend income	(58)
Net fair value gain on derivatives	(7,878)
Net foreign exchange loss	26,284
Allowance for doubtful debts and receivables written off	311
Depreciation and amortisation	47,473

B6. Tax expense

	1st Quarter ended 31-Mar-20 RM'000
Taxation comprises:	
Malaysian operation	
Current income tax	12,590
Deferred tax	(1,667)
	10,923
Foreign operation	
Current income tax	296
Deferred tax	1,480
	12,699
Under/(over) provision in prior year:	
Current	797
Deferred Tax	(1,045)
	12,451

The effective tax rate is higher than the statutory tax rate due mainly to deferred tax asset not recognised by certain subsidiaries and provision for withholding tax on undistributed profits of foreign associates. Deferred tax benefit will only be recognised when it is probable that taxable profits will be available to allow deferred tax benefit to be realised.

NOTES

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 22 May 2020.

B8. Group borrowings

Total Group borrowings as at 31 March 2020 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (VND)	2,698	2,698	-
Hire purchase financing	161	161	-
	2,859	2,859	-
Short-term bank borrowings			
Bills payable (IDR)	63,888	-	63,888
Short-term loans	300	-	300
Short-term loans (USD)	270,548	7,962	262,586
Short-term loans (VND)	85,597	5,396	80,201
Hire purchase financing	79	79	-
	420,412	13,437	406,975
Bank overdrafts	507	-	507
	420,919	13,437	407,482

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	As at 31 March 2020	
	Contract/ Notional value RM'000	Fair value - Assets/ Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	5,783	272
ii) Forward foreign currency contracts	285,483	5,029
Total derivative assets		5,301
<u>Derivative financial liabilities</u>		
i) Options contracts	298,203	8,946
ii) Futures contracts	343,377	11,820
iii) Forward foreign currency contracts	405,655	1,136
Total derivative liabilities		21,902

All contracts will mature within one year.

NOTES

B9. Derivative financial instruments (Cont'd)**(a) Derivative financial assets and financial liabilities (Cont'd)**Futures and options contracts

The Group is exposed to market risk mainly from fluctuations 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 mitigate and hedge against the volatility of commodity prices. It is the policy of the Group to hedge only in contracts with corresponding underlying 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 2019 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 1Q2020, net fair value loss on derivative financial instruments amounted to RM4.1 million (1Q2019: RM2.4 million gain).

B10. Material litigation

There was no material litigation as at 22 May 2020.

NOTES

B11. Dividends

On 27 February 2020, the Board of Directors had proposed a final dividend for the financial year ended ("FYE") 31 December 2019 of 23 sen per share (2018: Final dividend of 20 sen per share) payable on Tuesday, 2 June 2020 subject to approval of shareholders at the 51st Annual General Meeting ("AGM") to be held on Thursday, 14 May 2020.

Due to the Covid-19 pandemic, the 51st AGM will be held on Friday, 12 June 2020. On 6 April 2020, the Board of Directors approved the reclassification of the proposed final dividend as a second interim dividend for FYE 31 December 2019, at the same rate of 23 sen per share. The entitlement and payment dates of the second interim dividend remain unchanged on 18 May 2020 and 2 June 2020 respectively.

The Directors do not recommend the payment of any dividend for the first quarter of 2020.

B12. Earnings per share

	1st Quarter ended 31 March		3 months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net profit for the period	187,266	248,448	187,266	248,448
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	13.16	17.46	13.16	17.46

There were no dilutive potential ordinary shares outstanding as at 31 March 2020 and 31 March 2019. As a result, there were no diluted earnings per share for the financial period ended 31 March 2020 and 31 March 2019.

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

The auditors' report for the financial year ended 31 December 2019 was not subject to any qualification.

Kuala Lumpur
29 May 2020

By Order of the Board
Mah Teck Keong
Company Secretary



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