



PPB GROUP BERHAD



# QUARTERLY REPORT 01

Investor Update 2021

# From the Desk of the Chairman

## Dear Shareholders

### FINANCIAL SUMMARY FOR THE 1ST QUARTER OF 2021

We wish to report that PPB Group recorded revenue of RM1.12 billion for 1Q2021, 5% higher compared with 1Q2020. Pre-tax profit increased to RM447 million from RM201 million in 1Q2020. This was mainly due to the higher contribution from our 18.6%-owned associate, Wilmar International Limited, of RM345 million compared with RM165 million in 1Q2020.

Profit for the period was RM422 million compared with RM188 million registered in 1Q2020 and accordingly, earnings per share stood at 28.27 sen (1Q2020 : 13.16 sen).

### HAPPENINGS

PPB held its first fully virtual Press and Analyst Briefing on 4 March 2021, to review the FY2020 results, as well as to provide an update on the latest developments in the Group. The briefing was well-attended by analysts, fund managers and the local press.

On 16 February 2021, *Massimo*, the popular bakery brand under our 80%-subsidiary, The Italian Baker Sdn Bhd, introduced tamper-evident bread bag packaging, the first of its kind in Malaysia, to assure consumers of untampered bread. In the same month, Massimo also launched a new cream roll variant, Massimo Peanut Butter Cream Roll.

### CSR ACTIVITIES

#### COVID-19 Initiatives

In the quarter under review, PPB and its 80% subsidiary, FFM Berhad, jointly collaborated with NGOs, Crisis Relief Services & Training (CREST) and Malaysian CARE to contribute food packages to 3,426 beneficiaries in the marginalised community under the Food4Hope 2.0 Project. PPB also contributed basic food provisions to more than 70 needy families mainly in the Klang Valley, and assisted them and several deserving welfare homes to pay their utility bills that were in arrears.

PPB and its subsidiaries jointly supported our local entertainers who could not perform at venues due to the MCO restrictions. The Group rolled out its first event under "Support Lokal Entertainers" project with a pre-recorded lion dance performance by an award-winning lion dance troupe at Cheras LeisureMall. This was later live-streamed on Chap Goh Mei on all of our Group's 13 Facebook pages.

#### Others

PPB Group organised/participated in several CSR activities in 1Q2021, amongst them :

- PPB celebrated Chinese New Year virtually with three welfare homes and had "loh sang' lunch and games with them, besides contributing household items requested by the homes. PPB also contributed lunch and essential items requested by two other homes that were unable to participate in the e-celebration.
- Cheras LeisureMall rolled out two programmes , "Eye Care for You" whereby four needy children were given spectacles by a participating optical tenant of the Mall; and "Food for Love" under which the Mall collected 900 kg of food items and 700 kg of toiletries and detergents for distribution to six charity homes in the Klang Valley.

**“We wish to take this opportunity to thank all our frontliners for their sacrifices and dedication during this pandemic.”**

- Malaysian Hindu Sangam and the Gelugor Local Council organised a blood donation drive in our New World Park in Penang. They successfully collected 52 pints of blood and registered six organ donors.

We wish to take this opportunity to thank all our frontliners for their sacrifices and dedication during this pandemic. Let's do our part to fight this pandemic by staying at home and going out only when necessary, and observing the health and safety procedures.

Tan Sri Datuk Oh Siew Nam  
Chairman

9 June 2021

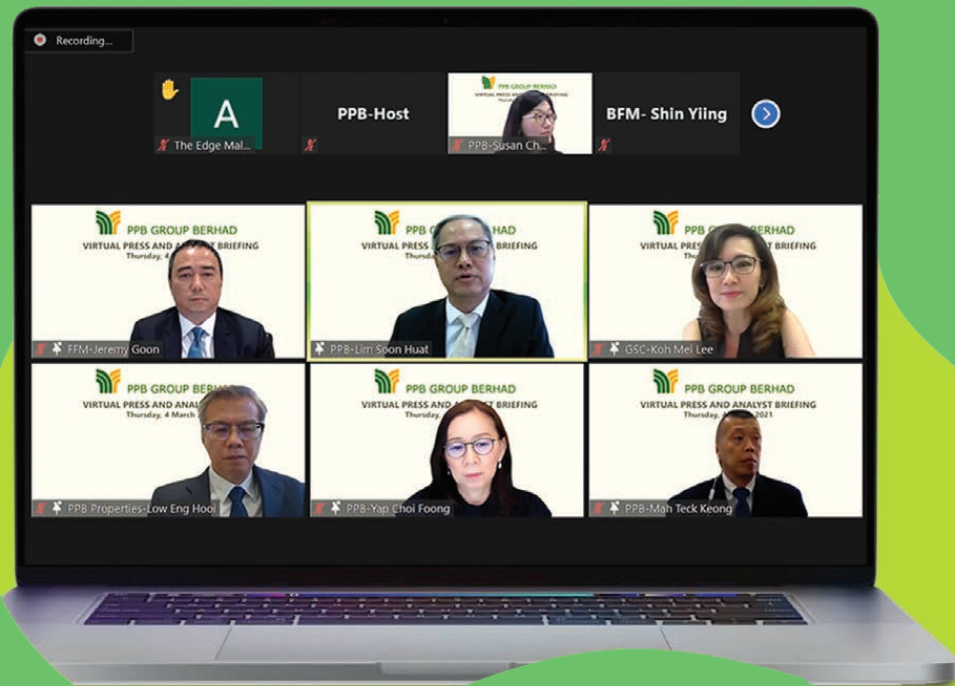




# Happenings

## PRESS AND ANALYST BRIEFING

PPB's Press and Analyst Briefing was conducted virtually for the first time on 4 March 2021, following the release of the 4Q2020 results. A total of 43 analysts and fund managers from various local research houses and securities firms, as well as representatives from the press logged in for the event. The briefing reviewed the unaudited financial results for FY2020, and the latest business developments in the Group. The key management dealt with questions raised by the analysts and press.



## “A favourite amongst Malaysians!”

### MASSIMO PEANUT BUTTER CREAM ROLL

Massimo launched a new variant of cream roll to consumers in February 2021. Massimo Peanut Butter cream roll features a generous spread of smooth peanut butter, a favourite amongst Malaysians.





## MASSIMO IS NOW SEALED FOR YOUR SAFETY



**Step 1**  
Make sure that the pack is adequately SEALED for Safety.



**Step 2**  
Remove the Kwik Lok.



**Step 3**  
Pinch both sides of the packaging and gently pull apart.



**Step 4**  
Enjoy Massimo's Wholesome Goodness.

**“Malaysia’s first tamper-evident bread bag packaging”**

## MASSIMO SANDWICH LOAVES, NOW TAMPER-EVIDENT FOR YOUR PEACE OF MIND!

Bread bags in Malaysia have traditionally been secured by Kwik Lock bread tags that can be opened and closed, undetected, making the contents an easy target for pranks and malicious attacks.

On 16 February 2021, Massimo rolled out across all Massimo bread loaves, the first-in-Malaysia tamper-evident bread bag packaging, sealed for safety, in addition to the Kwik Lock bread tags, so that consumers would have no worries about their bread being tampered. The laser-sealed tamper-evident packaging is a major step forward in the commercial bakery industry, to address growing concerns on product safety and integrity, in particular during the COVID-19 pandemic.



# CSR Activities



## COVID-19 INITIATIVES

To support the community during this difficult time, PPB Group undertook the following initiatives in the quarter under review as follows :-

- **"Food Aid" Project**

- PPB reached out to more than 70 needy families and provided basic food provisions, which helped relieve their financial burden.
- PPB and FFM Berhad jointly contributed essential food items to the Food4Hope 2.0 Project, a food aid programme initiated by Crisis Relief Services & Training (CREST) and Malaysian CARE. The food package consisted of rice, Seri Murni cooking oil, Anchor flour, sugar, Marina Pasta Sauce with Tuna, Meadow Fresh UHT Milk, Kart's Ready To Eat Meals, and other Marina canned food. A total of 3,426 beneficiaries from the B40 community; registered welfare homes; refugees and migrants benefitted from this contribution.

# CSR Activities

- **“Utilities Assistance” Project**

Many welfare homes and families had been badly affected by the pandemic and were unable to pay their utility bills. To date, PPB has assisted 6 welfare homes and 33 needy families under the “Utilities Assistance” project.

- **“Support Lokal Entertainers” Project**

PPB and its main subsidiaries have collaborated to support Malaysian artistes/entertainers who were adversely affected by the pandemic as they could not perform due to the MCO restrictions. Under this initiative, the Group executed its first event, a lion dance performance by the award-winning Persatuan Tarian Naga dan Singa Khuan Loke Sg Way. The event was live-streamed under the Group's 13 Facebook pages on Chap Goh Mei, 26 February 2021 to good response.





## OUR VIRTUAL NEW YEAR

### CNY CELEBRATION

On 10 February 2021, PPB had a virtual CNY celebration with three welfare homes in Petaling Jaya, namely, Pertubuhan Kebajikan Warga Emas Kenang Budi Kuala Lumpur; Persatuan Kebajikan Chen Ai OKU; and Persatuan Kebajikan Orang-orang Tua Bahagia Selangor (En Yuan).

The e-celebration started off with a warm welcome speech by Ms Koh Mei Lee, Head of Corporate Affairs of PPB, followed by a short quiz on CNY celebrations. Thereafter, everyone had “Loh Sang” together followed by lunch, catered by PPB.

The e-celebration was a first time experience for the homes as well as for PPB. Thanks to modern technology, we were able to celebrate together despite the MCO.

Two other homes that were unable to participate in the e-celebration, Sg Way Old Folks Home and Yi Xing USJ Old Folks Home, received warm and delicious CNY dinner meals delivered to them.

PPB also contributed items requested by the homes such as groceries and electrical appliances besides giving them mandarin oranges, cookies made by single mums and customised t-shirts.





# CSR Activities



## EYE CARE FOR YOU

On 4 March 2021, four children from Pertubuhan Kebajikan dan Social Da Ci were offered free eye examinations and prescribed spectacles through Cheras LeisureMall's "Eye Care for You" programme. This programme was in collaboration with MOC, a participating optical care tenant of Cheras LeisureMall.



## FOOD FOR LOVE

Cheras LeisureMall's CSR initiative, "Food for Love", successfully collected 900kg of food-related items and 700kg of toiletries and detergents. On 18 March 2021, the items were distributed to six charity homes in the Klang Valley; they were Living Hope, Lighthouse Children Welfare Home Association, Stepping Stones Living Centre, Persatuan Insan Istimewa Cheras Selangor, Pertubuhan Kebajikan Orang Tua Cacat Dan Kurang Upaya Taman Connaught, and Rumah Sayangan Taman Billion.

# CSR Activities

## BLOOD DONATION DRIVE

In view of the pressing need for blood supply by the nation's blood bank, New World Park; Malaysian Hindu Sangam; and the Gelugor Local Council jointly organised a blood donation drive on 24 January 2021

at the centre court of New World Park, PPB's popular food and entertainment hub in Georgetown, Penang. The campaign drew a positive response with 52 pints of blood collected and 6 organ donors recruited.





# Announcements

Date	Subject
2 February 2021	<p>PPB announced that Waikari Sdn Bhd ("Waikari"), a 100%-owned subsidiary of FFM Berhad, which in turn is an 80%-owned subsidiary of PPB had on 2 February 2021 :</p> <ul style="list-style-type: none"> <li>i. entered into a Foreign Loan Contract with Dongguan Yihai Kerry Oils, Grains and Foodstuffs Industries Co., Ltd on the proposed provision of a proportionate shareholder's loan; and</li> <li>ii. entered into a Supplemental Agreement to the Shareholders Agreement for a proposed increase in Waikari's total investment in Yihai Kerry (Shenyang) Oils, Grains &amp; Foodstuffs Industries Co., Ltd.</li> </ul>
11 February 2021	<p>PPB announced that the quarterly report for the 4th quarter ended 31 December 2020 would be released on 25 February 2021.</p>
25 February 2021	<p>Release of PPB's quarterly report for the 4th quarter ended 31 December 2020.</p>
25 February 2021	<p>PPB Board proposed the payment of the following dividends for financial year ended 31 December 2020 for shareholders' approval at the 52nd Annual General Meeting ("AGM"), payable on 1 June 2021 to members whose names appear in the Record of Depositors on 17 May 2021 :</p> <ul style="list-style-type: none"> <li>a) a final dividend of 22 sen per share; and</li> <li>b) a special dividend of 16 sen per share.</li> </ul> <p>The final and special dividends were approved by shareholders at the AGM on 11 May 2021, and paid on 1 June 2021.</p>
25 February 2021	<p>PPB announced that shareholders' approval would be sought at the 52nd AGM for the following :</p> <ul style="list-style-type: none"> <li>a) proposed renewal of and additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature; and</li> <li>b) proposed renewal of authority for PPB to purchase its own ordinary shares of up to 10% of the issued shares.</li> </ul> <p>Both the above proposals were approved by shareholders at the AGM.</p>

# Share Analysis

In the first quarter of 2021, conditions in the domestic financial markets were affected by both external and domestic developments.

The decline in the domestic equity market was due mainly to developments surrounding COVID-19 cases, and the re-imposition of containment measures domestically, which posed concerns on the corporate earnings outlook. As at end-March, the FBM KLCI declined by 3.3% to close at 1,573.5 points (end December: 1,627.2 points).

[Source : Bank Negara Malaysia website]

PPB shares closed at RM18.50 compared with RM18.52 in the preceding quarter, and market capitalisation decreased to RM26,326 million. The average daily volume of PPB shares traded during the quarter increased by 27.11% to 637,282 shares.

	1Q2021	4Q2020	%change
PPB share price (RM)			
Closing price (high)	19.30	19.50	-1.03%
Closing price (low)	18.10	18.08	0.11%
Month end closing price	18.50	18.52	-0.11%
Weighted share price	18.71	18.87	-0.88%
Market capitalisation (RM' million)	26,326	26,354	-0.11%

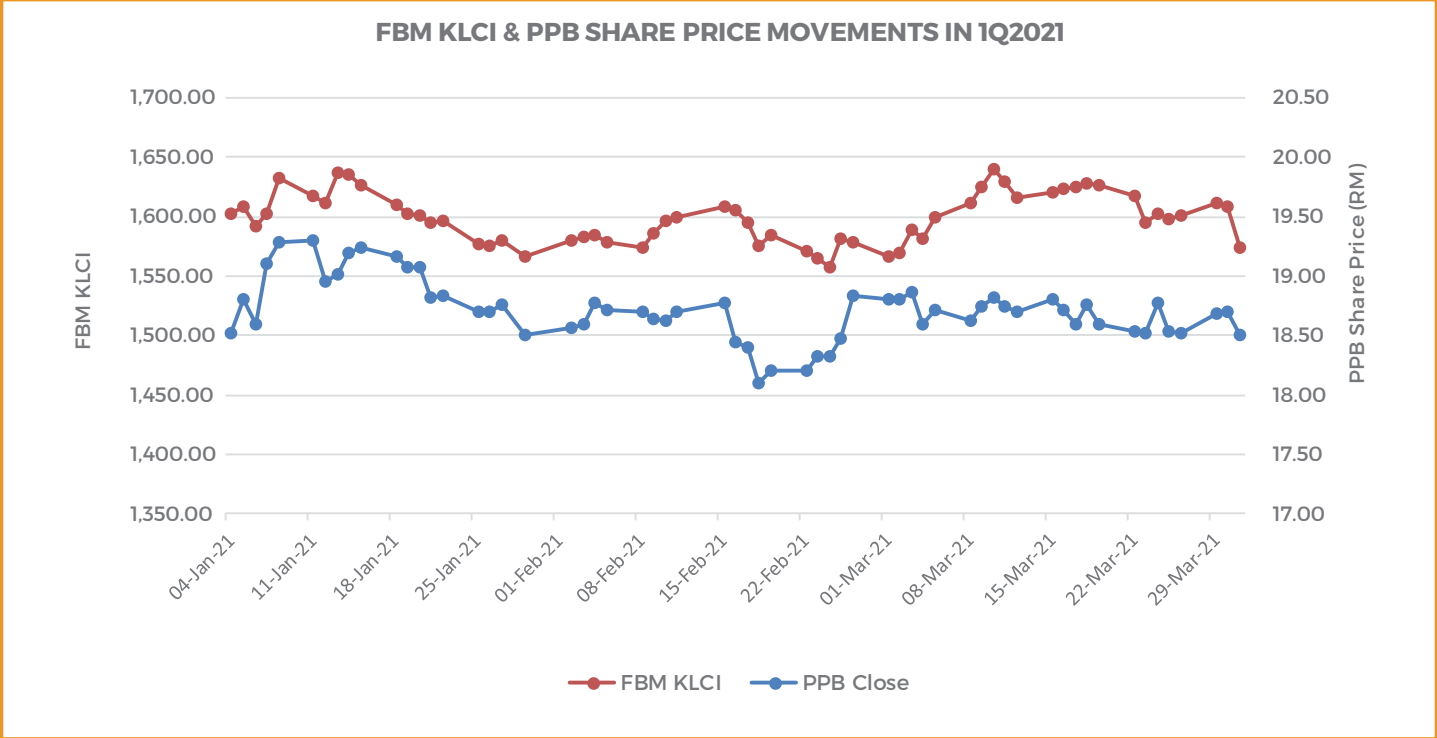
PPB share trading volume (Number of shares)			
Daily volume (high)	3,347,100	2,578,300	29.82%
Daily volume (low)	29,700	82,600	-64.04%
Average daily volume	637,282	501,380	27.11%

FBM KLCI			
FBM KLCI closing (high)	1,639.83	1,684.58	-2.66%
FBM KLCI closing (low)	1,557.55	1,461.45	6.58%
FBM KLCI quarter end closing	1,573.51	1,627.21	-3.30%

FBM KLCI volume (Number of shares)			
Daily volume (high)	519,385,300	592,756,400	-12.38%
Daily volume (low)	69,045,700	70,670,800	-2.30%
Average daily volume	224,094,605	178,742,394	25.37%



# Share Analysis



# Group Financial Highlights

Financial period/year ended (All figures in RM million)	3 months		12 months	
	31.03.21	31.03.20	Change %	31.12.20
<b>INCOME STATEMENT</b>				
Revenue	1,118	1,068	5	4,191
Profit before tax	447	201	>100	1,421
Profit attributable to owners of the parent	402	187	>100	1,317
<b>STATEMENT OF FINANCIAL POSITION</b>				
Non-current assets	22,830	21,041	9	21,889
<u>Current assets</u>				
Cash and cash equivalents	1,417	1,452	(2)	1,420
Others	1,769	1,647	7	1,575
Total current assets	3,186	3,099	3	2,995
<b>Total assets</b>	<b>26,016</b>	<b>24,140</b>	<b>8</b>	<b>24,884</b>
<u>Equity</u>				
Share capital	1,429	1,429	-	1,429
Reserves	22,359	20,624	8	21,389
Equity attributable to owners of the parent	23,788	22,053	8	22,818
Non-controlling interests	753	697	8	728
Total equity	24,541	22,750	8	23,546
<u>Non-current liabilities</u>				
Borrowings	41	3	>100	25
Others	390	351	11	379
Total non-current liabilities	431	354	22	404



# Group Financial Highlights (continued)

Financial period/year ended (All figures in RM million)	3 months		12 months	
	31.03.21	31.03.20	Change %	31.12.20
<u>Current liabilities</u>				
Borrowings	534	421	27	456
Others	510	615	(17)	478
Total current liabilities	1,044	1,036	1	934
Total liabilities	1,475	1,390	6	1,338
<b>Total equity and liabilities</b>	<b>26,016</b>	<b>24,140</b>	<b>8</b>	<b>24,884</b>

## RATIOS

Return on equity attributable to owners of the parent (annualised)	(%)	6.8	3.4	5.8
Earnings per share	(sen)	28.3	13.2	92.6
Debt to equity ratio	(times)	0.02	0.02	0.02
Net assets per share	(RM)	16.7	15.5	16.0
Dividend per share for financial year	(sen)	-	-	46.0

## STOCK MARKET INFORMATION

Share price	(RM)	18.50	16.42	18.52
Market capitalisation	(RM million)	26,326	23,366	26,354

# Condensed Consolidated Income Statements

For The Period Ended 31 March 2021

	1st Quarter ended		3 Months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,117,739	1,067,990	1,117,739	1,067,990
Operating expenses	(1,108,367)	(1,041,316)	(1,108,367)	(1,041,316)
Operating profit	9,372	26,674	9,372	26,674
Other operating income/(loss)	63,201	(7,546)	63,201	(7,546)
Share of results of associates	379,897	186,967	379,897	186,967
Share of results of joint venture	1,156	1,584	1,156	1,584
Finance costs	(7,018)	(6,757)	(7,018)	(6,757)
<b>Profit before taxation</b>	<b>446,608</b>	<b>200,922</b>	<b>446,608</b>	<b>200,922</b>
Tax expense	(24,365)	(12,451)	(24,365)	(12,451)
<b>Profit for the period</b>	<b>422,243</b>	<b>188,471</b>	<b>422,243</b>	<b>188,471</b>
Attributable to :				
Owners of the parent	402,182	187,266	402,182	187,266
Non-controlling interests	20,061	1,205	20,061	1,205
<b>Profit for the period</b>	<b>422,243</b>	<b>188,471</b>	<b>422,243</b>	<b>188,471</b>
Basic earnings per share (sen)	28.27	13.16	28.27	13.16

(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 Comprehensive Income

## For The Period Ended 31 March 2021

	1st Quarter ended 31 March		3 Months ended 31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>422,243</b>	188,471	<b>422,243</b>	188,471
Other comprehensive income/(loss), net of tax				
<b><u>Items that will not be subsequently reclassified to profit or loss</u></b>				
Fair value gain/(loss) on investment in equity instruments designated as fair value through other comprehensive income	56,861	(124,033)	56,861	(124,033)
Share of associates' other comprehensive loss	(21,928)	-	(21,928)	-
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations	618,015	927,000	618,015	927,000
Share of associates' other comprehensive loss	(81,013)	(371,853)	(81,013)	(371,853)
<b>Total comprehensive income</b>	<b>994,178</b>	<b>619,585</b>	<b>994,178</b>	<b>619,585</b>
Attributable to :				
Owners of the parent	969,095	618,220	969,095	618,220
Non-controlling interests	25,083	1,365	25,083	1,365
<b>Total comprehensive income</b>	<b>994,178</b>	<b>619,585</b>	<b>994,178</b>	<b>619,585</b>

(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 Financial Position

	As at 31-Mar-21 RM'000	As at 31-Dec-20 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,315,987	1,320,984
Investment properties	303,612	300,506
Right-of-use assets	246,990	254,461
Bearer plants	3,961	3,566
Land held for property development	100,194	100,178
Goodwill	71,201	71,201
Other intangible assets	7,228	7,704
Investment in associates	20,327,723	19,436,825
Investment in joint venture	24,390	22,549
Other investments	413,076	356,042
Deferred tax assets	15,691	14,605
<b>Total non-current assets</b>	<b>22,830,053</b>	<b>21,888,621</b>
<b>Current assets</b>		
Inventories	735,853	658,626
Biological assets	5,919	8,635
Property development costs	30,884	32,613
Receivables	912,863	863,055
Derivative financial assets	58,654	360
Current tax assets	24,682	11,407
Cash and cash equivalents	1,417,014	1,420,341
<b>Total current assets</b>	<b>3,185,869</b>	<b>2,995,037</b>
<b>TOTAL ASSETS</b>	<b>26,015,922</b>	<b>24,883,658</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	22,358,530	21,389,435
<b>Equity attributable to owners of the parent</b>	<b>23,787,844</b>	<b>22,818,749</b>
Non-controlling interests	752,779	727,696
<b>Total equity</b>	<b>24,540,623</b>	<b>23,546,445</b>

# Condensed Consolidated Statements Of Financial Position (continued)

	As at 31-Mar-21 RM'000	As at 31-Dec-20 RM'000
<b>ASSETS</b>		
<b>Non-current liabilities</b>		
Borrowings	41,227	25,461
Lease obligations	232,560	239,307
Deferred tax liabilities	128,355	110,139
Provision for restoration cost	28,620	28,620
<b>Total non-current liabilities</b>	<b>430,762</b>	<b>403,527</b>
<b>Current liabilities</b>		
Payables	429,043	387,302
Derivative financial liabilities	43,899	54,009
Borrowings	534,278	455,798
Lease obligations	28,869	28,844
Provision for restoration cost	1,542	1,695
<b>Current tax liabilities</b>	<b>6,906</b>	<b>6,038</b>
<b>Total current liabilities</b>	<b>1,044,537</b>	<b>933,686</b>
	<b>1,475,299</b>	<b>1,337,213</b>
<b>Total liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,015,922</b>	<b>24,883,658</b>

(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 31 March 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
<b><u>3 months ended 31 March 2021</u></b>						
At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Total comprehensive income	-	566,913	402,182	969,095	25,083	994,178
Transfer of reserves	-	109,304	(109,304)	-	-	-
<b>At 31 March 2021</b>	<b>1,429,314</b>	<b>4,053,219</b>	<b>18,305,311</b>	<b>23,787,844</b>	<b>752,779</b>	<b>24,540,623</b>
<b><u>3 months ended 31 March 2020</u></b>						
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)	-	-	-
<b>At 31 March 2020</b>	<b>1,429,314</b>	<b>3,263,622</b>	<b>17,360,543</b>	<b>22,053,479</b>	<b>696,897</b>	<b>22,750,376</b>

(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 Cash Flows

For The Period Ended 31 March 2021

	3 months ended 31 March	
	2021	2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>446,608</b>	<b>200,922</b>
Adjustments:		
Non-cash items	(405,462)	(103,581)
Non-operating items	1,239	(4,302)
Operating profit before working capital changes	42,385	93,039
Working capital changes:-		
Net change in current assets	(108,501)	(13,937)
Net change in current liabilities	46,157	(83,313)
Cash used in operations	(19,959)	(4,211)
Tax paid	(19,635)	(10,097)
<b>Net cash used in operating activities</b>	<b>(39,594)</b>	<b>(14,308)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(32,737)	(44,394)
Proceeds from disposal of property, plant and equipment	1,490	326
Purchase of investments	(27,378)	(22,142)
Dividends received	11,135	558
Income received from short-term fund placements	4,510	9,648
Interest received	973	2,135
(Advances to)/repayment from associates	(441)	3,515
Distribution of profit from joint venture	-	933
Proceeds from liquidation of an associate	10,321	-
<b>Net cash used in investing activities</b>	<b>(32,127)</b>	<b>(49,421)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	79,242	27,264
Interest paid	(4,179)	(4,097)
Payment of lease obligations	(10,204)	(10,969)
Other financing activities	-	(28)
<b>Net cash generated from financing activities</b>	<b>64,859</b>	<b>12,170</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,862)</b>	<b>(51,559)</b>
Cash and cash equivalents brought forward	1,420,202	1,500,571
Effect of exchange rate changes	3,674	2,036
<b>Cash and cash equivalents carried forward</b>	<b>1,417,014</b>	<b>1,451,048</b>
Cash and cash equivalents represented by:		
Cash and bank balances	303,776	197,614
Bank deposits	232,687	190,011
Short-term fund placements	880,551	1,063,930
Bank overdrafts	-	(507)
	<b>1,417,014</b>	<b>1,451,048</b>

(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

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

## A2. Seasonality or cyclicity of interim operations

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

## A3. Exceptional or unusual items

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

No dividend was paid during the financial period under review.

## A7. Segmental reporting

Performance of the Group's business segments for the period ended 31 March 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
<b>REVENUE</b>								
External revenue	845,173	155,884	22,087	47,192	29,798	17,605	-	1,117,739
Inter-segment sales	20,570	326	-	108	162	71	(21,237)	-
<b>Total revenue</b>	<b>865,743</b>	<b>156,210</b>	<b>22,087</b>	<b>47,300</b>	<b>29,960</b>	<b>17,676</b>	<b>(21,237)</b>	<b>1,117,739</b>
<b>RESULTS</b>								
Segment results	89,285	(1,189)	(25,744)	553	5,356	3,541	-	71,802
Share of results of associates	34,293	(193)	842	369	(606)	345,192	-	379,897
Share of results of joint venture	-	-	-	1,156	-	-	-	1,156
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,247)
<b>Profit/(Loss) before taxation</b>	<b>123,578</b>	<b>(1,382)</b>	<b>(24,902)</b>	<b>2,078</b>	<b>4,750</b>	<b>348,733</b>	<b>-</b>	<b>446,608</b>

# Notes (continued)

## 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 period ended 31 March 2021.

## A10. Changes in contingent liabilities or contingent assets

There were no material changes in contingent assets and liabilities since the end of the previous financial year.

## A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 31 March 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	54,104
- not contracted	365,450
	419,554
Other commitments	470,488
- contracted	55,557
- not contracted	526,045
<b>Total</b>	<b>945,599</b>

## A12. Significant related party transactions

Significant related party transactions during the financial period ended 31 March 2021 are as follows:

	RM'000
Transactions with associates	
- Purchase of goods	2,676
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	9,452
Transactions with subsidiaries of associates	
- Purchase of goods	146,899
- Sales of goods	39,528
- Other services expense	3,824
- Freight cost	28,468



# Notes (continued)

## 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
<b>1Q2021</b>								
<b>REVENUE</b>								
External revenue	845,173	155,884	22,087	47,192	29,798	17,605	-	1,117,739
Inter-segment sales	20,570	326	-	108	162	71	(21,237)	-
<b>Total revenue</b>	<b>865,743</b>	<b>156,210</b>	<b>22,087</b>	<b>47,300</b>	<b>29,960</b>	<b>17,676</b>	<b>(21,237)</b>	<b>1,117,739</b>
<b>RESULTS</b>								
Segment results	89,285	(1,189)	(25,744)	553	5,356	3,541	-	71,802
Share of results of associates	34,293	(193)	842	369	(606)	345,192	-	379,897
Share of results of joint venture	-	-	-	1,156	-	-	-	1,156
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,247)
<b>Profit/(Loss) before taxation</b>	<b>123,578</b>	<b>(1,382)</b>	<b>(24,902)</b>	<b>2,078</b>	<b>4,750</b>	<b>348,733</b>	<b>-</b>	<b>446,608</b>
<b>1Q2020</b>								
<b>REVENUE</b>								
External revenue	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	21,571	346	-	64	240	104	(22,325)	-
<b>Total revenue</b>	<b>792,178</b>	<b>160,148</b>	<b>78,058</b>	<b>32,048</b>	<b>12,955</b>	<b>14,928</b>	<b>(22,325)</b>	<b>1,067,990</b>
<b>RESULTS</b>								
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)
<b>Profit/(Loss) before taxation</b>	<b>54,486</b>	<b>(26)</b>	<b>(19,473)</b>	<b>2,058</b>	<b>(2,475)</b>	<b>172,332</b>	<b>-</b>	<b>200,922</b>
<b>Variance</b>								
Revenue (%)	9%	-2%	-72%	48%	>100%	18%	5%	5%
Profit/(Loss) before taxation (%)	>100%	->100%	-28%	1%	>100%	>100%	-	>100%

## Group performance review

For the first quarter of 2021, the Group recorded total revenue of RM1.12 billion, 5% higher as compared to RM1.07 billion achieved in 1Q2020. Pre-tax profit increased to RM447 million from RM201 million recorded in 1Q2020. This was mainly due to higher contribution from Wilmar International Limited (“Wilmar”) at RM345 million (1Q2020: RM165 million) and higher profits from the **Grains and agribusiness** segment.

## Grains and agribusiness

Segment revenue increased by 9% to RM866 million (1Q2020: RM792 million) mainly due to higher selling prices for flour and feed. The segment reported higher profit by RM70 million to RM124 million (1Q2020: RM54 million) mainly due to higher unrealised net fair value gain on derivatives.

## Consumer products

Segment revenue was marginally lower at RM156 million (1Q2020: RM160 million). The segment recorded a loss of RM1.4 million (1Q2020: RM26,000) mainly due to weaker performance in the bakery division as operations were temporarily impacted by the implementation of precautionary and preventive measures at the factory plant to mitigate the risk of Covid-19 infection at the beginning of the quarter.

## Film exhibition and distribution

Segment revenue for 1Q2021 declined by 72% to RM22 million (1Q2020: RM78 million). The segment recorded a loss of RM25 million (1Q2020: RM19 million). Segment operation was significantly impacted by prolonged cinema closures in 1Q2021, coupled with reduced admissions and deferment of box office titles as the country weathered through the second movement control order.

## Environmental engineering and utilities

Segment revenue and profit for 1Q2021 was at RM47 million (1Q2020: RM32 million) and RM2 million (1Q2020: RM2 million) respectively.

## Property

Segment revenue and profit for 1Q2021 was at RM30 million (1Q2020: RM13 million) and RM4.8 million (1Q2020: loss of RM2.5 million) respectively. The improvement was mainly due to higher progress billings from the Megah Rise development project.

## Other operations

Segment profit was higher at RM349 million in 1Q2021 (1Q2020: RM172 million). Contribution from Wilmar increased by RM180 million to RM345 million (1Q2020: RM165 million).

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

Group pre-tax profit increased by 12% to RM447 million for 1Q2021 (4Q2020: RM400 million). This was mainly attributable to higher contribution from **Grains and agribusiness** segment by RM83 million to RM124 million (4Q2020: RM41 million), partially offset by lower contribution from Wilmar by RM42 million to RM345 million (4Q2020: RM387 million).

## B3. Prospects

The Malaysian economy recorded a contraction of 0.5% in comparison to the previous quarter's contraction of 3.4%. The stronger performance was supported mainly by improvements in domestic demand as well as robust export performance, particularly for Electrical & Electronic products. Growth was also supported by continued policy measures aimed at supporting economic growth and recovery.

The imposition of the Second Movement Control Order (“MCO”), continued closure of international borders and restrictions on inter-state travel, however, weighed on overall economic activity. Economic activity gradually picked up as restrictions eased in February and March. However, the recent imposition of MCO 3.0 is expected to push any meaningful recovery towards the later part of the year.

# Notes (continued)

## B3. Prospects (Cont'd)

The **Grains and agribusiness** segment is expected to weather through the sharp increase in commodity prices and the margin compression brought on by it. With the Group's extensive experience in grain procurement and technical competency in delivering consistent quality products, the segment is anticipated to perform satisfactorily.

The **Consumer products** segment is expected to perform satisfactorily with an expanded marketing footprint in the food services channel and e-commerce marketplace.

Whilst there were initial signs of recovery in our **Film exhibition and distribution** segment from pent-up demand from cinemagoers when the cinemas reopened on 5 March 2021, the recovery was interrupted by the imposition of MCO 3.0.

Management continues to look for opportunities to expand its revenue stream, deploy cost containment measures and practise strict cashflow management to navigate the challenging operating conditions. The recovery and performance of this segment will depend on the progress and success of the National Immunization Program, although the business challenges will likely remain, in view of the potentially prolonged restrictions imposed by the Government and mandatory compliance of standard operating procedures.

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 remains challenging, in both the area of investment properties as well as property development. Management will continue to work on various initiatives to improve footfall in our malls and completing the development of the Megah Rise project.

The Covid-19 pandemic will continue to weigh down on both our **Film exhibition and distribution** and **Property** segments. The other main business segments, which are mainly in the production and distribution of staple food and services, are expected to perform satisfactorily, notwithstanding rising grain prices. 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-21 RM'000
Profit before taxation was stated after charging/(crediting):	
Interest income and income from short-term fund placements	(5,677)
Dividend income	(102)
Net foreign exchange gain	(2,095)
Net fair value gain on derivatives	(48,261)
Allowance for doubtful debts and receivables written off	1,017
Depreciation and amortisation	40,867
Interest expense on lease obligations	2,802



# Notes (continued)

## B6. Tax expense

	1st Quarter ended 31-Mar-21 RM'000
Taxation comprises:	
Malaysian taxation	
Current	3,666
Deferred	15,746
	19,412
Foreign taxation	
Current	2,608
Deferred	1,368
	23,388
Under provision in prior years:	
Current	950
Deferred	27
	<b>24,365</b>

The effective tax rate was higher than the statutory tax rate. This was due mainly to deferred tax assets 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.

## B7. Status of corporate proposals

Golden Screen Cinemas Sdn Bhd, the operating company of the GSC cinema chain, had on 23 February 2021, entered into an Asset Sale Agreement to acquire the cinema assets of the former MBO cinema circuit. The acquisition is expected to be completed in the second quarter of 2021. This strategic move will expand the Group's network of cinemas and further strengthen the Group's market leading position.

## B8. Group borrowings

Total Group borrowings as at 31 March 2021 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
<b>Long-term bank borrowings</b>			
Long-term bank loan	31,338	-	31,338
Long-term bank loan (VND)	9,810	9,810	-
Hire purchase financing	79	79	-
	<b>41,227</b>	<b>9,889</b>	<b>31,338</b>
<b>Short-term bank borrowings</b>			
Bills payable (IDR)	125,685	-	125,685
Short-term loan	70,000	-	70,000
Short-term loan (USD)	245,444	-	245,444
Short-term loan (VND)	93,067	2,654	90,413
Hire purchase financing	82	82	-
	<b>534,278</b>	<b>2,736</b>	<b>531,542</b>

# Notes (continued)

## B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 31 March 2021:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	796,398	53,517
ii) Forward foreign currency contracts	277,395	5,137
<b>Total derivative assets</b>		<b>58,654</b>
<u>Derivative financial liabilities</u>		
i) Options contracts	790,893	34,150
ii) Futures contracts	291,909	5,688
iii) Forward foreign currency contracts	566,610	4,061
<b>Total derivative liabilities</b>		<b>43,899</b>

All contracts will be maturing within one year.

### Futures and options contracts

The Group is exposed to market risk mainly from fluctuation in the prices of agricultural commodities, namely wheat and corn which are the key raw materials used in the Group's **Grains and agribusiness** segment. Commodity futures and options contracts are entered into with the objective to manage volatility of commodity prices. It is the policy of the Group to manage the commodity prices with reference to underlying contracts of corresponding commodities that are used in its grains and agribusiness 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 1Q2021, unrealised fair value gain on derivative financial instruments amounted to RM54.6 million (1Q2020: RM4.1 million loss).

# Notes (continued)

## B10. Material litigation

There was no material litigation as at 22 May 2021.

## B11. Dividend

At the 52nd Annual General Meeting on 11 May 2021, shareholders approved a final dividend of 22 sen per share and a special dividend of 16 sen per share for financial year ended 31 December 2020 to be paid on 1 June 2021.

The Directors do not recommend the payment of any dividend for the first quarter of 2021.

## B12. Earnings per share

	1st Quarter ended 31 March		3 months ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net profit for the period	402,182	187,266	402,182	187,266
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	28.27	13.16	28.27	13.16

There were no potential dilutive ordinary shares outstanding as at 31 March 2021 and 31 March 2020. As a result, there were no diluted earnings per share for the quarter ended 31 March 2021 and the preceding year corresponding quarter.

## 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**  
**28 May 2021**

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



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