



PPB

GROUP BERHAD



INVESTOR UPDATE
2022

Investor Update 2022

Quarterly Report 03

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What We Do



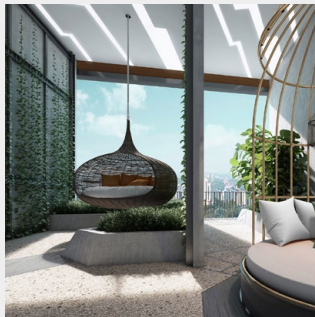
**GRAINS AND
AGRIBUSINESS**



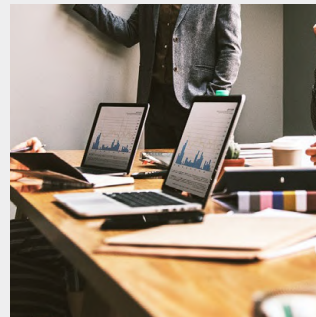
**CONSUMER
PRODUCTS**



**FILM EXHIBITION AND
DISTRIBUTION**



PROPERTY



**INVESTMENTS & OTHER
OPERATIONS**

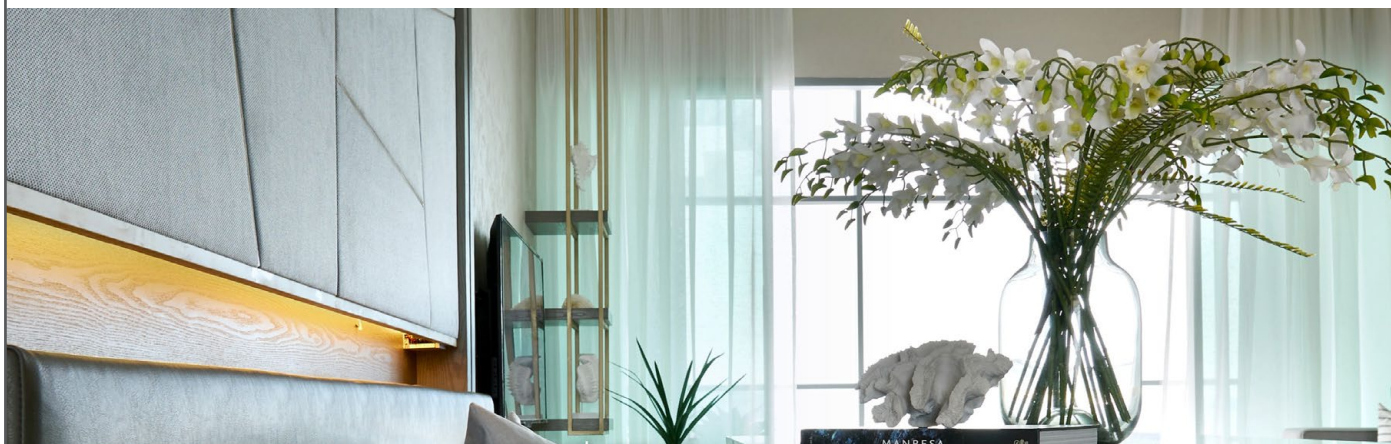
FROM THE DESK OF THE CHAIRMAN

RESULTS FOR THE 9 MONTHS OF 2022

Dear Shareholders

We are pleased to report that PPB Group Berhad ("PPB") group's pre-tax profit increased by 79% to RM1.8 billion for 9M2022 (9M2021 : RM1.0 billion). PPB Group revenue for 9M2022 was RM4.63 billion, up 35% from RM3.29 billion in 9M2021. All key segments contributed positively to the revenue and profitability of the Group. Contribution from Wilmar International Ltd increased by 67% to RM1.71 billion.

The Group recorded a profit for the period of RM1.79 billion, and earnings per share of 125.22 sen.



PROSPECTS FOR THE CURRENT YEAR

Grain commodity prices remained volatile, being affected by the lingering effects of the Russian-Ukraine war and ongoing supply chain disruptions. The Grains and agribusiness segment has managed to recover part of its gross margins through a gradual price increase. This segment is expected to perform satisfactorily as it continues in its efforts to improve product performance and enhance operational efficiencies.

We expect the performance of the Consumer products segment to improve for the rest of the year as it remains focused in distributing consumer products deemed as necessities and broadening its distribution channels to improve its efficiency.

Quarter 3 saw a strong performance from several locally-produced movies, which contributed positively to the Film exhibition and distribution segment. With several blockbuster titles lined up during the holiday season, we expect the segment to be on a strong recovery path and close the final quarter of 2022 with improved performance.

We have successfully completed and handed over the Megah Rise development properties to purchasers in September 2022. The Megah Rise Mall is slated to open for business in December 2022. Going into the holiday season in the fourth quarter, we expect the Property segment to perform well for the rest of the year.

Overall, we expect our core segments to perform satisfactorily for the rest of the year.

Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

HAPPENINGS

PPB held a virtual Press and Analyst Briefing on 30 August 2022 to review the half-year financial results for 2022 and the latest developments in the Group. The meeting was attended by 29 analysts, fund managers and members of the press.

FFM Marketing Sdn Bhd extended its product range to healthcare products in its distribution network with the partnership of Bayer, a reputable pharmaceutical company known for popular brand names such as Berocca, Redoxon, Zambuk and Bepanthen.

FFM Grains & Mills Sdn Bhd, Pasir Gudang (FGMPG) was awarded the SIFIRI Supplier Award 2022 by ARYZTA, a reputable international bakery company based in Schlieren, Switzerland. SIFIRI stands for See It, Fix It, Report It. The award is testament to FGMPG's continuous commitment towards food safety and quality over the years.

Golden Screen Cinemas Sdn Bhd co-organised the 2nd Japanese Film Festival and the Czech Republic Film Festival at its cinemas, screening the respective films at GSC International Screens to promote the respective country and culture through films.

CSR ACTIVITIES

COVID-19 Initiatives

During the quarter under review, PPB collaborated with eight NGOs to contribute basic food provisions to more than 1,700 needy recipients for three months; and assisted

a welfare home and a family to pay their utility bills that were in arrears. PPB also supported 46 local entertainers by engaging them at weekends to perform at Jin Gastrobar, Aurum Theatre from July to December 2022. With the assistance of Angkatan Belia Islam Malaysia (ABIM), PPB enhanced the learning centre at Kampung Sg Gabai in Ulu Langat with better facilities to make it conducive and safe for 25 orang asli children to attend classes regularly at the centre.

Others

The Group organised/participated in several other CSR activities, and you can read about them in other sections in this update.

GREETINGS

As the year is coming to a close, I take this opportunity to wish our shareholders, business associates and staff of PPB Group, SEASON'S GREETINGS TO ALL and a BLESSED 2023!

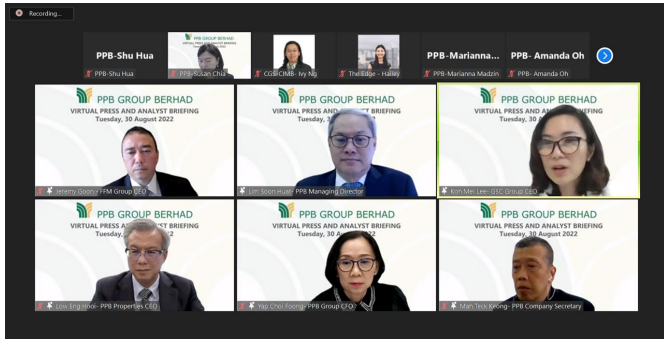
Tan Sri Datuk Oh Siew Nam

13 December 2022



Tan Sri Datuk Oh Siew Nam
Chairman

HAPPENINGS



PRESS AND ANALYST BRIEFING

PPB's Press and Analyst Briefing was conducted virtually on 30 August 2022. A total of 29 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 the first half of 2022, and the latest business developments in the Group. Senior management including those from the business divisions dealt with questions from analysts and the press.

FFM MARKETING INCLUDES BAYER IN ITS DISTRIBUTION NETWORK

The Covid-19 pandemic and current transitioning to endemic status have positively boosted demand for supplements with the increasing awareness that vitamins and minerals, in addition to other functions, support the immune system and this continues to engage consumers' interest in health-related products.

Encouraged by the rising interest in the well-being category, Bayer as one of the leading pharmaceutical companies in the world is expanding its Malaysian business into untapped channels beyond pharmacies. It is doing so by introducing selected products under the brand names of Berocca, Redoxon, Zambuk & Bepanthen into leading key retailer chains, local supermarkets and top-tier large provision stores, Chinese medical halls and baby centres.

FFM Marketing Sdn Bhd with its established distribution network across all retail channels nationwide have now partnered with Bayer to include health care products. FFM Marketing's product portfolio now covers chilled and frozen food, and non-food, besides health care products. The partnership with Bayer will open the door to further collaborations in the future on other non-conflicting nutraceutical brands, for product range expansion.



FFM GRAINS & MILLS OBTAINS SIFIRI SUPPLIER AWARD 2022

The SIFIRI (See It, Fix It, Report It) award was presented by ARYZTA AG to FFM Grains & Mills Sdn Bhd, Pasir Gudang ("FGMPG") at their virtual annual Asia Supplier Conference on 19 July 2022. FGMPG was the only supplier chosen amongst all ARYZTA's suppliers across Asia because of its continuous commitment to food safety over the years. ARYZTA is an international bakery company based in Schlieren, Switzerland with operations in Europe, Asia, Australia and New Zealand.

FGMPG's team effort to supply its customers consistently with quality flour, is also in line with ARYZTA's basic requirements for the award. The criteria taken into consideration by the ARYZTA group for the award were as follows :-

- I A commitment and ownership to resolve foreign material issue whenever raised.
- II Visible management of the commitment to quality and food safety.
- III Noticeable continuous improvement effort, evident on many fronts such as procedural control, plant layout and equipment modification.
- IV Collaborative and willingness to seek professional advice after ARYZTA's recommendation in improving food safety aspects in the flour mill.

HAPPENINGS *(continued)*

FILM FESTIVALS

GSC co-organised two film festivals during the quarter under review. They were the 2nd Japanese Film Festival (JFF) and the Czech Republic Film Festival (CRFF).

The JFF had a total selection of 12 movies screened in 8 GSC locations in the Klang Valley, Penang, Johor Bharu, Kuching and Kota Kinabalu.

Since its inception in 2017, the CRFF has served as a bridge to cultural exchanges between Czechia (the Czech Republic) and Malaysia. The main theme of the recent festival was family comedies from the past fifty years. The theme was specifically chosen to brighten everyone's smile and lift their spirits after the two-year pandemic.



CSR ACTIVITIES



COVID-19 INITIATIVES

As the nation transits to the endemic phase, PPB Group continues to support the community and undertook the following initiatives during the quarter under review:-

- **"Food Aid" Project**

PPB contributed basic groceries for three months to more than 1,700 recipients from the B40 group, refugees, migrants and students by collaborating with the following organisations :

Name of Organisation	Location of Recipients
Happy Charity Association	Melaka
Love Eternal Charity Association	Ampang
Pertubuhan Kebajikan Sze Bei Muar Johor	Muar
Muhibbah Foodbank Malaysia Society	Negeri Sembilan
MySkills Foundation	Hulu Selangor
Perak Women for Women Society	Perak
Refuge for the Refugees	Klang Valley
The Lost Food Project	Klang Valley



- **"Utilities Assistance" Project**

PPB assisted a welfare home and a needy family to pay their utility bills which were in arrears, to lessen their household expenses.

- **"Support Lokal Entertainers" Project**

In support of our local entertainers who were badly impacted by the pandemic due to the multiple lockdowns and help them get back to their feet, PPB in collaboration with GSC, engaged a total of 46 musicians to perform at Jin Gastrobar in Aurum Theatre every weekend from July to December 2022. This initiative enables the musicians to earn some income and display their talent; many have been asked subsequently by Jin Gastrobar patrons to perform at other events/gigs.

- **"Caring for People at Risk" Project**

To create a fun and safe space for 25 orang asli children from the Temuan tribe, PPB assisted Angkatan Belia Islam Malaysia (ABIM) to enhance the learning centre In Kampung Sg Gabai in Ulu Langat, Selangor, with better facilities to make learning more conducive and enjoyable for them. PPB contributed a 60-inch smart television, printer, doodle and drawboards, 50 sets of t-shirts and track pants, stationery and first aid kit. We also contributed a supply of milk powder for 25 children for six months.

CSR ACTIVITIES *(continued)*

EMPOWERING THE ORANG ASLI

PPB in collaboration with Yayasan Kajian dan Pembangunan Masyarakat (YKPM) also known as the Foundation for Community Studies and Development, identified four orang asli villagers from Kampung Keruing, Pekan District in Pahang to start a fruit orchard on 4.5 acres of land adjacent to peatlands. PPB contributed to the cost of land clearing, piping connection, irrigation, generator, water tank as well as materials to construct a guardhouse and processing centre. The land has been cleared, and the irrigation and piping installed. The villagers will be planting durian, guava and banana. To provide some income before harvesting the fruits, the villagers are growing vegetables. The fruit trees would help moderate temperatures, and help retain moisture in the peat areas. This 'eco-farming' activity guided by YKPM and supported by PPB is aimed to uplift the livelihood of the four villagers and their families.

To help improve the living conditions of the orang asli of whom the majority are odd-job workers, PPB collaborated with Assumption Orang Asli Ministry and contributed a total of 16 sets of sanitation facilities to the following villages in Pahang –

- Kampung Bugis, Pekan District
- Kampung Sekumbang, Pekan District
- Kampung Karoi Padang Ulu Merchun, Pekan District
- Kampung Serun, Pekan District
- Kampung Simpai, Muadzam Shah District
- Kampung Belabas, Rompin District
- Kampung Petoh, Rompin District

PPB contributed the materials and the orang asli provided the labour to construct the sanitation facilities in their respective villages. A set of sanitation facility comprises a toilet, a bathroom and wash basin area with a mirror.



CSR ACTIVITIES (continued)



SUPERMUM TRAINING INITIATIVE

PPB's Baking a Better Future project includes the Supermum initiative which is a collaboration between PPB, the Rotary Club of Petaling Jaya (RCPJ) and Food Aid Foundation. This is aimed at providing single mothers with minimal or no baking skills, with sufficient baking capabilities, whether for self-entrepreneurship or employment.

In July 2022, ten single mums from the fourth batch completed their 10 training modules. They subsequently attended a business training workshop organised by PPB on 6 August 2022 at its UBN Tower office. The workshop covered topics on basic accounting, branding and information on wheat flour, and was facilitated by staff from PPB Properties, GSC and FFM. To date, a total of 39 single mums have been trained under this initiative.

Under our Baking a Better Future project, PPB collaborates with reputable NGOs to set up baking studios to provide vulnerable persons with baking skills for entrepreneurship or employment, and support their training needs. This project started in 2019 with the setup of bake X for youth in collaboration with Dignity for Children Foundation.



CSR ACTIVITIES *(continued)*



HEALTH AWARENESS CAMPAIGNS

During the quarter under review, PPB Properties held several health awareness campaigns. The iM Booster Health Awareness campaign which was jointly organised with by iM Booster, United World Commerce & Culture Federation, Malaysia Osteopathic Medicine Association and the Malaysia Sonographer Society, was held on 13-14 August 2022 at Cheras LeisureMall. The campaign created awareness on the importance of sustaining one's immunity and self-healing capability. Free health screenings, consultations, and traditional medical services such as osteopathic treatment and foot correction service were available during the campaign.

In Penang, the Penang Health Awareness campaign in collaboration with the Penang Adventist Hospital was held on 17 July 2022 at New World Park. The topics included identifying various chronic diseases and disease prevention via lifestyle intervention, and activities comprised health talks, health screenings and an aerobic dance performance.



CHILDHOOD DREAM CHARITY ART EXHIBITION

The Childhood Dream Charity Art Exhibition was held at Cheras LeisureMall from 15 to 18 September 2022 in collaboration with the SME Association of Malaysia.

The aim of the exhibition was to instil patriotism amongst the young, and nurture their creativity and artistic talent.

The 300 artworks exhibited in the Mall reflected the participants' interpretation of hope as future leaders.



CSR ACTIVITIES *(continued)*

KAKI SWAPZ PROJECT AT NEW WORLD PARK

Organised by Aimpactz, Redo and New World Park, the Kaki Swapz Project aimed to reduce environmental pollution and encourage green practices amongst the public.

The event which was held on 13 August 2022 at New World Park, received a good crowd, with many participants offering pre-loved or unused items to exchange with others.



Announcements – 3rd Quarter of 2022

Date	Subject
5 August 2022	PPB announced that FFM Berhad (“FFM”), an 80%-subsidiary of PPB received a Notice of Proposed Decision issued by the Malaysia Competition Commission (“MyCC”) pursuant to Section 36 of the Competition Act (the “Act”). The Proposed Decision is premised primarily on the allegation that FFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed prices in breach of Section 4 of the Act (“Proposed Decision”).
10 August 2022	PPB announced further information relating to the Proposed Decision.
11 August 2022	PPB announced that the quarterly report for the 2 nd quarter ended 30 June 2022 would be released on 25 August 2022.
12 August 2022	PPB clarified that the financial penalty relating to the Proposed Decision which was announced on 10 August 2022 should read as RM46.63 million.
25 August 2022	Release of PPB’s quarterly report for the 2 nd quarter ended 30 June 2022.
25 August 2022	PPB Board declared the payment of an interim dividend of 12 sen per share for financial year ending 31 December 2022 (“Interim Dividend”). The Interim Dividend was paid on 28 September 2022.
6 September 2022	PPB announced that MyCC had granted FFM an extension of time to 21 October 2022 to submit its written representations to MyCC in relation to the Proposed Decision. <u>Note</u> <i>MyCC subsequently issued an amended Proposed Decision (“APD”) and a Supplementary Proposed Decision (“SPD”) to reflect additional evidence and its findings; and granted FFM additional time to 19 December 2022 to submit written representations to both the APD and SPD.</i>

Share Analysis

In 3Q2022, domestic financial market conditions tightened amid higher bond yields. Given the persistent strengthening of the US dollar, the ringgit continued to depreciate, in line with other regional currencies.

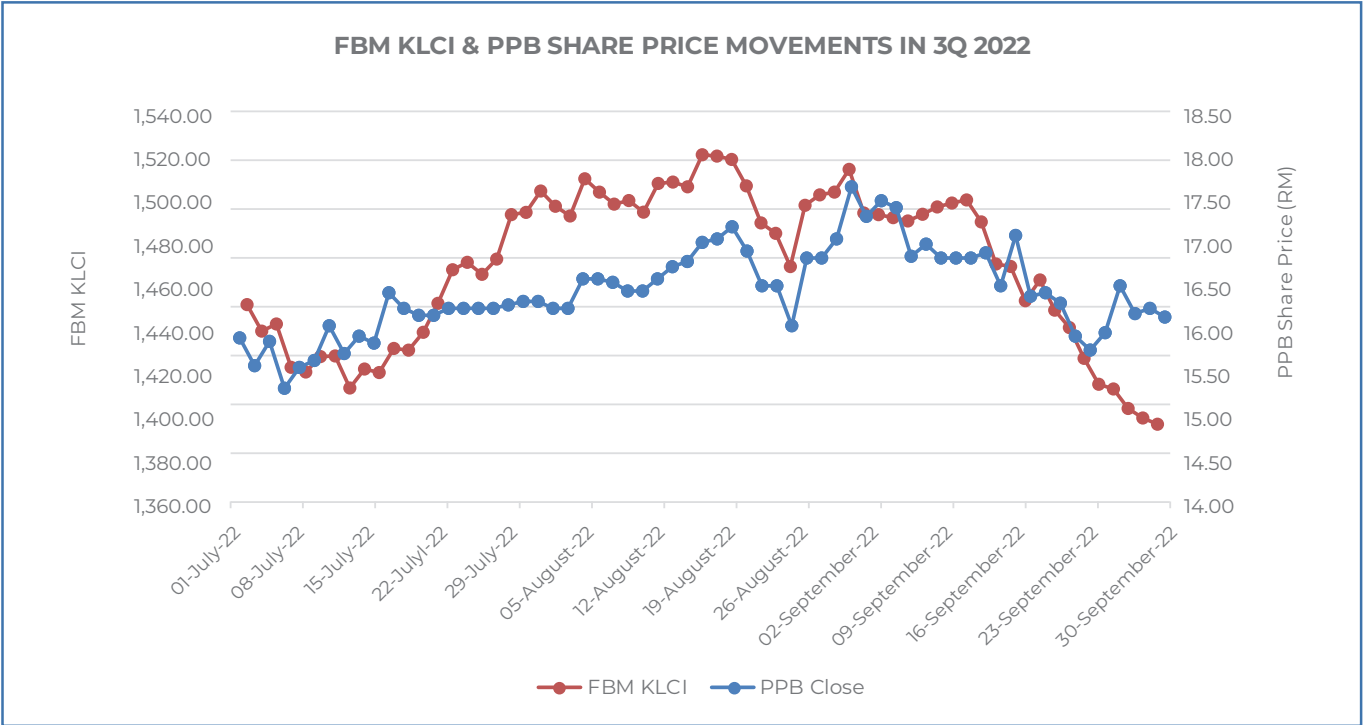
For Malaysia, domestic bond yields increased during the quarter. The 3-year, 5-year and 10-year MGS yields increased by 26.0, 8.0, and 15.0 basis points, respectively. To some extent, the rise in yields also reflected the impact from the increase in the Overnight Policy Rate (OPR) in July and September. However, the upward adjustments in bond yields were of a smaller magnitude compared to the previous quarter due to lower non-resident bond outflows.

[Source: Bank Negara Malaysia website]

PPB shares closed higher at RM16.10 compared with RM15.86 in the preceding quarter and market capitalisation increased to RM22,910 million. The average daily volume of PPB shares traded during the quarter decreased by 6.11% to 514,902 shares.

	3Q2022	2Q2022	% change
PPB share price (RM)			
Closing price (high)	17.60	17.32	1.62%
Closing price (low)	15.28	15.00	1.87%
Month end closing price	16.10	15.86	1.51%
Weighted share price	16.49	16.51	-0.13%
Market capitalisation (RM'million)	22,910	22,569	1.51%
PPB share trading volume (Number of shares)			
Daily volume (high)	1,774,100	2,542,400	-30.22%
Daily volume (low)	49,900	47,400	5.27%
Average daily volume	514,902	548,381	-6.11%
FBM KLCI			
FBM KLCI closing (high)	1,518.78	1,607.29	-5.51%
FBM KLCI closing (low)	1,394.63	1,431.05	-2.54%
FBM KLCI quarter end closing	1,394.63	1,444.22	-3.43%
FBM KLCI volume (Number of shares)			
Daily volume (high)	315,588,600	502,348,900	-37.18%
Daily volume (low)	55,684,900	74,988,700	-25.74%
Average daily volume	125,824,014	142,616,953	-11.77%

Share Analysis (continued)



Group Financial Highlights

Financial period/year ended (All figures in RM million)	30.09.22	9 months 30.09.21	Change %	12 months 31.12.21
INCOME STATEMENT				
Revenue (Continuing operations)	4,541	3,292	38	
Revenue (Discontinued operations)	91	149	(39)	
Revenue	4,632	3,441	35	4,857
Profit before tax (Continuing operations)	1,805	1,007	79	
Loss before tax (Discontinued operations)	(1)	(1)	0	
Profit before tax	1,804	1,006	79	1,498
Profit attributable to owners of the parent	1,781	994	79	1,496
STATEMENT OF FINANCIAL POSITION				
Non-current assets	25,693	23,130	11	23,703
<u>Current assets</u>				
Cash and cash equivalents	1,607	1,411	14	1,296
Others	2,714	2,112	29	2,398
Assets classified as held for sale	226	-	100	-
Total current assets	4,547	3,523	29	3,694
Total assets	30,240	26,653	13	27,397
<u>Equity</u>				
Share capital	1,429	1,429	-	1,429
Reserves	25,037	22,554	11	23,002
Equity attributable to owners of the parent	26,466	23,983	10	24,431
Non-controlling interests	773	749	3	749
Total equity	27,239	24,732	10	25,180
<u>Non-current liabilities</u>				
Borrowings	71	63	13	68
Others	484	372	30	416
Total non-current liabilities	555	435	28	484

Group Financial Highlights (*continued*)

Financial period/year ended (All figures in RM million)	30.09.22	9 months 30.09.21	Change %	12 months 31.12.21
Current liabilities				
Borrowings	1,469	1,006	46	1,035
Others	908	480	89	698
Liabilities directly associated with the assets held for sale	69	-	100	-
Total current liabilities	2,446	1,486	65	1,733
Total liabilities	3,001	1,921	56	2,217
Total equity and liabilities	30,240	26,653	13	27,397

RATIOS

Return on equity attributable to owners of the parent	(%)	9.0	5.5	6.1
Earnings per share	(sen)	125.2	69.8	105.2
Debt to equity ratio	(times)	0.06	0.04	0.05
Net assets per share	(RM)	18.6	16.9	17.2
Dividend per share for financial year	(sen)	12.0	10.0	35.0

STOCK MARKET INFORMATION

Share price	(RM)	16.10	18.36	17.10
Market capitalisation	(RM million)	22,904	26,119	24,326

Unaudited Condensed Consolidated Income Statements

For The Financial Period Ended 30 September 2022

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing operations				
Revenue	1,649,343	1,185,525	4,540,548	3,292,132
Operating expenses	(1,595,324)	(1,222,566)	(4,404,191)	(3,339,164)
Operating profit/(loss)	54,019	(37,041)	136,357	(47,032)
Other operating income/(loss)	38,961	21,056	(70,339)	(7,679)
Share of results of associates	736,936	442,622	1,781,078	1,083,369
Share of results of joint venture	1,336	1,111	3,884	3,373
Finance costs	(18,887)	(9,269)	(46,079)	(24,614)
Profit before tax from continuing operations	812,365	418,479	1,804,901	1,007,417
Income tax expense	(17,109)	(6,443)	(10,891)	(2,028)
Profit for the period from continuing operations	795,256	412,036	1,794,010	1,005,389
Discontinued operations				
Profit/(loss) before tax for the period from discontinued operations	778	(3,386)	(596)	(1,097)
Income tax expense	(497)	(229)	(117)	(1,095)
Profit/(loss) after tax for the period from discontinued operations	281	(3,615)	(713)	(2,192)
Profit for the period	795,537	408,421	1,793,297	1,003,197
Attributable to :				
Owners of the parent				
Profit from continuing operations	784,471	411,523	1,782,031	995,748
Profit/(loss) from discontinued operations	281	(3,615)	(713)	(2,192)
Profit for the year attributable to owners of the parent	784,752	407,908	1,781,318	993,556
Non-controlling interests				
Profit from continuing operations	10,785	513	11,979	9,641
Profit for the period	795,537	408,421	1,793,297	1,003,197
Basic earnings per share (sen)				
- continuing operations	55.14	28.92	125.27	69.99
- discontinued operations	0.02	(0.25)	(0.05)	(0.15)
	55.16	28.67	125.22	69.84

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

Unaudited Condensed Consolidated Statements Of Comprehensive Income

For The Financial Period Ended 30 September 2022

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the period	795,537	408,421	1,793,297	1,003,197
Other comprehensive income, net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value (loss)/gain on investment in equity instruments designated as fair value through other comprehensive income	(41,588)	(60,837)	(50,651)	22,372
Share of associates' other comprehensive (loss)/income	(9,427)	(16,189)	(26,746)	4,906
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	1,070,319	170,486	2,261,408	819,435
Share of associates' other comprehensive (loss)/income	(697,102)	(51,920)	(1,256,146)	50,086
Total comprehensive income	1,117,739	449,961	2,721,162	1,899,996
Attributable to :				
Owners of the parent				
Total comprehensive income from continuing operations	1,102,569	448,661	2,697,708	1,880,278
Total comprehensive income/(loss) from discontinued operations	281	(3,615)	(713)	(2,192)
Total comprehensive income attributable to owners of the parent	1,102,850	445,046	2,696,995	1,878,086
Non-controlling interests				
Total comprehensive income from continuing operations	14,889	4,915	24,167	21,910
Total comprehensive income	1,117,739	449,961	2,721,162	1,899,996

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

Unaudited Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-22 RM'000	As at 31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,350,553	1,383,088
Investment properties	351,393	317,163
Right-of-use assets	362,142	306,022
Bearer plants	4,004	4,241
Land held for property development	98,170	100,470
Goodwill	70,232	71,201
Other intangible assets	10,273	11,945
Investment in associates	23,031,744	21,063,903
Investment in joint venture	32,206	28,433
Other investments	321,258	372,310
Deferred tax assets	60,741	44,007
Total non-current assets	25,692,716	23,702,783
Current assets		
Inventories	1,441,541	1,081,814
Biological assets	19,575	13,422
Property development costs	2,567	41,581
Trade receivables	780,102	715,063
Other receivables	412,047	411,422
Derivative financial assets	26,989	100,650
Current tax assets	30,743	34,111
Cash and cash equivalents	1,606,721	1,296,316
	4,320,285	3,694,379
Assets classified as held for sale	226,265	-
Total current assets	4,546,550	3,694,379
TOTAL ASSETS	30,239,266	27,397,162
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	25,036,676	23,002,174
Equity attributable to owners of the parent	26,465,990	24,431,488
Non-controlling interests	772,982	748,815
Total equity	27,238,972	25,180,303

Unaudited Condensed Consolidated Statements Of Financial Position (*continued*)

	As at 30-Sep-22 RM'000	As at 31-Dec-21 RM'000
Non-current liabilities		
Borrowings	71,485	67,828
Lease obligations	333,270	282,241
Deferred tax liabilities	109,962	101,156
Provision for restoration cost	40,491	33,273
Total non-current liabilities	555,208	484,498
Current liabilities		
Trade payables	544,697	325,814
Other payables	295,438	223,622
Derivative financial liabilities	25,090	107,383
Borrowings	1,469,431	1,034,757
Lease obligations	39,178	35,974
Provision for restoration cost	-	960
Current tax liabilities	2,723	3,851
	2,376,557	1,732,361
Liabilities directly associated with the assets held for sale	68,529	-
Total current liabilities	2,445,086	1,732,361
Total liabilities	3,000,294	2,216,859
TOTAL EQUITY AND LIABILITIES	30,239,266	27,397,162

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

Unaudited Condensed Consolidated Statements Of Changes In Equity

For The Financial Period Ended 30 September 2022

	Share capital RM'000	Non-distributable reserves RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
9 Months ended						
30 September 2022						
At 1 January 2022	1,429,314	4,277,355	18,724,819	24,431,488	748,815	25,180,303
Profit for the period	-	-	1,781,318	1,781,318	11,979	1,793,297
Other comprehensive income/(loss)	-	918,488	(2,811)	915,677	12,188	927,865
Total comprehensive income	-	918,488	1,778,507	2,696,995	24,167	2,721,162
Transfer of reserves	-	97,772	(97,772)	-	-	-
Dividends	-	-	(526,362)	(526,362)	-	(526,362)
Share of other changes in equity of associates	-	(136,131)	-	(136,131)	-	(136,131)
At 30 September 2022	1,429,314	5,157,484	19,879,192	26,465,990	772,982	27,238,972

9 Months ended						
30 September 2021						
At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Profit for the period	-	-	993,556	993,556	9,641	1,003,197
Other comprehensive income	-	868,490	16,040	884,530	12,269	896,799
Total comprehensive income	-	868,490	1,009,596	1,878,086	21,910	1,899,996
Transfer of reserves	-	111,942	(111,942)	-	-	-
Dividends	-	-	(682,847)	(682,847)	(2,911)	(685,758)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Share of other changes in equity of associates	-	(31,265)	-	(31,265)	-	(31,265)
At 30 September 2021	1,429,314	4,326,169	18,227,240	23,982,723	749,315	24,732,038

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

Unaudited Condensed Consolidated Statements Of Cash Flows

For The Financial Period Ended 30 September 2022

	9 Months ended 30 September	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	1,804,901	1,007,417
Loss before tax from discontinued operations	(596)	(1,097)
Profit before taxation	1,804,305	1,006,320
Adjustments:		
Non-cash items	(1,584,030)	(1,000,137)
Non-operating items	23,174	3,292
Operating profit before working capital changes	243,449	9,475
Working capital changes:-		
Net change in current assets	(534,002)	(390,628)
Net change in current liabilities	321,722	28,920
Cash generated from/(used in) operations	31,169	(352,233)
Tax paid	(21,700)	(41,784)
Net cash generated from/(used in) operating activities	9,469	(394,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment, investment properties, biological assets and other intangible assets	(119,236)	(172,058)
Proceeds from disposal of property, plant and equipment	4,567	2,868
Investments in associates	(1,611)	(92,095)
Proceeds from disposal of a subsidiary	8,931	-
Proceeds from disposal of an associate	-	44,751
Proceeds from disposal of other investment	1,000	-
Dividends received	630,454	762,258
Income received from short-term fund placements	12,538	12,777
Interest received	5,674	3,268
Repayment from/(advances to) associates	3,328	(51,881)
Distribution of profit from joint venture	3,872	2,000
Proceeds from liquidation of an associate	-	10,321
Net cash generated from investing activities	549,517	522,209

Unaudited Condensed Consolidated Statements Of Cash Flows *(continued)*

	9 Months ended 30 September	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	407,513	574,803
Interest paid	(34,509)	(16,507)
Dividends paid	(526,362)	(685,758)
Payment of lease obligations	(32,394)	(18,649)
Shares issued to non-controlling interest of a subsidiary	-	2,620
Net cash used in financing activities	(185,752)	(143,491)
Net increase/(decrease) in cash and cash equivalents	373,234	(15,299)
Cash and cash equivalents brought forward	1,296,316	1,420,202
Effect of exchange rate changes	14,916	5,817
Cash and cash equivalents carried forward	1,684,466	1,410,720
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	597,838	333,143
Bank deposits	139,877	239,217
Short-term fund placements	869,006	747,372
Bank overdrafts	-	(85)
	1,606,721	1,319,647
Cash and cash equivalents under assets classified as assets held for sale	77,745	91,073
	1,684,466	1,410,720

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021)

NOTES

A1. Accounting policies

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

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2022 :

- Amendments to MFRS 3 : Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets : Onerous Contract - Cost of Fulfilling a Contract
- Annual improvements to MFRS Standards 2018 - 2020

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

A2. Seasonality or cyclicity of interim operations

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

A3. Exceptional or unusual items

There were no exceptional or unusual items for the financial period ended 30 September 2022.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the previous financial year which have a material effect in the current interim period.

A5. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to-date.

A6. Dividends paid

During the financial period ended 30 September 2022, a final dividend of 25 sen per share in respect of financial year ended 31 December 2021 was paid on 1 June 2022. An interim dividend of 12 sen per share in respect of financial year ending 31 December 2022 was paid on 28 September 2022.

NOTES (continued)

A7. Segmental reporting

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

Business segments:	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities (discontinued operations)	Property	Other operations	Inter-segment elimination	Total
All figures in RM'000								
REVENUE								
External revenue	3,404,273	566,559	382,363	91,341	126,480	60,873	-	4,631,889
Inter-segment sales	95,096	3,835	-	37	401	42	(99,411)	-
Total revenue	3,499,369	570,394	382,363	91,378	126,881	60,915	(99,411)	4,631,889
RESULTS								
Segment results	(44,599)	24,998	8,782	(629)	37,950	13,743	-	40,245
Share of results of associates	64,032	(1,800)	340	-	1,189	1,717,317	-	1,781,078
Share of results of joint venture	-	-	-	33	-	3,884	-	3,917
Unallocated corporate expenses	-	-	-	-	-	-	-	(20,935)
Profit/(Loss) before taxation	19,433	23,198	9,122	(596)	39,139	1,734,944	-	1,804,305

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

Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company had on 18 April 2022 entered into a conditional share sale agreement with Saraworks Sdn Bhd to dispose off its entire 100% equity interests comprising of 17,000,000 ordinary shares in CWM Group Sdn Bhd ("CWM") for a consideration of RM20 million plus net tangible assets as at the completion date. Following the satisfaction of all conditions precedent, the transaction was completed on 11 November 2022, and CWM has ceased to be a subsidiary of CQ with effect from that date.

As at 30 September 2022, the assets and liabilities of CWM have been classified as "Assets held for sale" and "Liabilities directly associated with the assets held for sale", respectively. The financial performance of CWM is presented separately on the Consolidated Income Statement as "Profit/(loss) from discontinued operations".

Other than the disposal of CWM which marks the exit of the Group from the Environment Engineering and Utilities business, there are no material events or transactions since the end of the current financial period to the date of this announcement which materially affects the results of the Group.

NOTES (continued)

A9. Changes in the composition of the Group

On 24 February 2022, CQ disposed of its 100% equity interest in Sitamas Environmental Systems Sdn Bhd for a consideration of RM9 million. A gain on disposal amounting to RM262,000 has been recorded in the financial statements for that interim period.

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 period under review."

A10. Changes in contingent liabilities or contingent assets

On 5 August 2022, FFM Berhad ("FFM"), an 80%-subsidiary of the Company, received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act"). The Proposed Decision 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 had requested for an extension of time for the submission of written representations, and has been granted an extension up to 19 December 2022.

FFM is currently working with its advisors to submit the written representation to MyCC by 19 December 2022.

A11. Capital and other commitments

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

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	95,279
- not contracted	383,292
	478,571
Other commitments	
- contracted	410,915
Total	889,486

NOTES (continued)

A12. Significant related party transactions

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

	RM'000
Transactions with associates	
- Film rental income	2,606
- Sales of goods	11,525
- Purchase of goods	6,918
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,937
- Sales of goods	16,937
Transactions with subsidiaries of associates	
- Purchase of goods	446,695
- Sales of goods	145,239
- Rental income	2,516
- Other services expenses	12,524
- Supervision fees income	1,297
- Freight cost	207,758

A13. Discontinued operations

Following the Group's decision to exit from the Environmental Engineering and Utilities business as stated in Note A8, the segment has been classified as a disposal group. The assets of the disposal group have been presented as "Assets classified as held for sale" and the liabilities of the disposal group presented as "Liabilities directly associated with the assets held for sale". The financial performance of the disposal group is classified as "Discontinued operations" and reported in a separate line of business from which the Group is exiting.

The results of the Discontinued Operations are as follows:-

	9 Months ended 30 September	
	2022 RM'000	2021 RM'000
Revenue	91,341	149,110
Operating expenses	(94,033)	(150,399)
Operating loss	(2,692)	(1,289)
Other operating income	2,699	1,091
Share of results of associates	-	(526)
Share of results of joint venture	33	-
Finance costs	(636)	(373)
Loss before tax from discontinued operations	(596)	(1,097)
Income tax expense	(117)	(1,095)
Loss for the period from discontinued operations	(713)	(2,192)

NOTES (continued)

A13. Discontinued operations (Continued)

The net cash flows (used in)/from the disposal group are as follows:

	9 Months ended 30 September	
	2022 RM'000	2021 RM'000
Net operating cash flows	(15,897)	(5,372)
Net investing cash flows	1,358	45,300
Net financing cash flows	(844)	24,570
Net cash (outflow)/inflow	(15,383)	64,498

The financial positions of the disposal group are as follows:-

	As at 30-Sep-22 RM'000
Assets classified as held for sale	
Property, plant and equipment	7,877
Investment properties	8,352
Trade and other receivables	60,439
Contract assets	65,484
Current tax assets	5,197
Cash and cash equivalents	77,745
Other assets	1,171
	226,265
Liabilities directly associated with the assets held for sale	
Trade and other payables	39,277
Contract liabilities	3,992
Borrowings	25,000
Other liabilities	260
	68,529

NOTES (continued)

B1. Performance analysis

Group financial performance by business segment

	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities (discontinued operations)	Property	Other operations	Inter- segment elimination	Total
Business segments:								
All figures in RM'000								
<u>3Q2022</u>								
REVENUE								
External revenue	1,234,459	191,113	161,750	23,557	44,350	17,671	-	1,672,900
Inter-segment sales	33,354	1,450	-	-	-	-	(34,804)	-
Total revenue	1,267,813	192,563	161,750	23,557	44,350	17,671	(34,804)	1,672,900
RESULTS								
Segment results	31,910	10,983	16,202	773	15,892	6,122	-	81,882
Share of results of associates	10,573	(865)	569	-	1,466	725,193	-	736,936
Share of results of joint venture	-	-	-	5	-	1,337	-	1,342
Unallocated corporate expenses	-	-	-	-	-	-	-	(7,017)
Profit before taxation	42,483	10,118	16,771	778	17,358	732,652	-	813,143
<u>3Q2021</u>								
REVENUE								
External revenue	989,004	161,002	3,058	55,052	17,280	15,181	-	1,240,577
Inter-segment sales	20,860	55	-	40	201	27	(21,183)	-
Total revenue	1,009,864	161,057	3,058	55,092	17,481	15,208	(21,183)	1,240,577
RESULTS								
Segment results	11,304	3,334	(36,223)	(3,538)	3	5,490	-	(19,630)
Share of results of associates	12,380	(1,338)	(4,457)	-	(763)	436,800	-	442,622
Share of results of joint venture	-	-	-	-	-	1,111	-	1,111
Unallocated corporate expenses	-	-	-	-	-	-	-	(9,010)
Profit/(Loss) before taxation	23,684	1,996	(40,680)	(3,538)	(760)	443,401	-	415,093
Variance								
Revenue (%)	25%	19%	>100%	-57%	>100%	16%	-64%	35%
Profit/(Loss) before taxation (%)	79%	>100%	n.m	n.m	n.m	65%	-	96%
n.m - not meaningful								

NOTES (continued)

B1. Performance analysis

Group financial performance by business segment

	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities (discontinued operations)	Property	Other operations	Inter- segment elimination	Total
Business segments:								
All figures in RM'000								
<u>9M2022</u>								
REVENUE								
External revenue	3,404,273	566,559	382,363	91,341	126,480	60,873	-	4,631,889
Inter-segment sales	95,096	3,835	-	37	401	42	(99,411)	-
Total revenue	3,499,369	570,394	382,363	91,378	126,881	60,915	(99,411)	4,631,889
RESULTS								
Segment results	(44,599)	24,998	8,782	(629)	37,950	13,743	-	40,245
Share of results of associates	64,032	(1,800)	340	-	1,189	1,717,317	-	1,781,078
Share of results of joint venture	-	-	-	33	-	3,884	-	3,917
Unallocated corporate expenses	-	-	-	-	-	-	-	(20,935)
Profit/(Loss) before taxation	19,433	23,198	9,122	(596)	39,139	1,734,944	-	1,804,305
<u>9M2021</u>								
REVENUE								
External revenue	2,648,449	480,927	44,114	149,110	69,882	48,760	-	3,441,242
Inter-segment sales	61,556	473	-	154	563	177	(62,923)	-
Total revenue	2,710,005	481,400	44,114	149,264	70,445	48,937	(62,923)	3,441,242
RESULTS								
Segment results	12,654	4,211	(94,841)	(571)	6,704	13,674	-	(58,169)
Share of results of associates	62,601	(1,864)	(5,068)	(526)	(1,623)	1,029,323	-	1,082,843
Share of results of joint venture	-	-	-	-	-	3,373	-	3,373
Unallocated corporate expenses	-	-	-	-	-	-	-	(21,727)
Profit/(Loss) before taxation	75,255	2,347	(99,909)	(1,097)	5,081	1,046,370	-	1,006,320
Variance								
Revenue (%)	29%	18%	>100%	-39%	81%	25%	-58%	35%
Profit/(Loss) before taxation (%)	-74%	>100%	n.m	46%	>100%	66%	-	79%
n.m - not meaningful								

NOTES (continued)

Group performance review

For the 3Q2022 and 9M2022, the Group achieved total revenue of RM1.67 billion and RM4.63 billion, both higher by 35% as compared to 3Q2021 and 9M2021 respectively. Pre-tax profit increased by 96% to RM813 million and 79% to RM1.80 billion for 3Q2022 and 9M2022 respectively. All key segments contributed positively to the increase in revenue and profitability of the Group. Contribution from Wilmar International Limited ("Wilmar") increased by 67% to RM1.71 billion.

Grains and agribusiness

Segment revenue for 3Q2022 and 9M2022 increased by 25% and 29% to RM1.2 billion (3Q2021: RM989 million) and RM3.4 billion (9M2021: RM2.6 billion) respectively. The segment recorded higher profit by 79% to RM42 million in 3Q2022 (3Q2021: RM24 million) and turned around into a profit for 9M2022 at RM19 million (9M2021: RM75 million) from a loss of RM23 million recorded in the first half of the year, the improved performance in 3Q2022 was mainly attributable to hedging gain on derivative instruments and improved flour profit margin. Nevertheless, performance for 9M2022 was impacted by the higher hedging loss on derivative instruments as compared to 9M2021.

Consumer products

Segment revenue for 3Q2022 and 9M2022 was higher at RM191 million (3Q2021: RM161 million) and RM567 million (9M2021: RM481 million) respectively. Segment profit for 3Q2022 and 9M2022 was higher at RM10 million (3Q2021: RM2 million) and RM23 million (9M2021: RM2 million) respectively. This was mainly due to higher sales of bakery and other fast-moving consumer products.

Film exhibition and distribution

Segment revenue for 3Q2022 and 9M2022 increased significantly to RM162 million (3Q2021: RM3 million) and RM382 million (9M2021: RM44 million) respectively. The segment reported a profit of RM17 million for 3Q2022 as compared to a loss of RM41 million recorded in 3Q2021; with that, the segment turned around with a profit of RM9 million for 9M2022 (9M2021: RM100 million loss). The full reopening of cinemas, the opening of the newly-acquired former MBO cinemas, higher admissions as well as a ten-fold increase in box office collections, were the main factors which contributed positively to the overall performance of this segment.

Environmental engineering and utilities (Discontinued Operations)

Segment revenue for 3Q2022 and 9M2022 were lower at RM24 million (3Q2021: RM55 million) and RM91 million (9M2021: RM149 million) respectively. The segment reported a profit for 3Q2022 at RM778,000 (3Q2021: RM4 million loss). Losses for 9M2022 narrowed to RM596,000 (9M2021: RM1 million), mainly due to lower project revenue recognised and higher project cost incurred.

Property

Segment revenue for 3Q2022 and 9M2022 were higher at RM44 million (3Q2021: RM17 million) and RM126 million (9M2021: RM70 million) respectively. Segment profit for 3Q2022 and 9M2022 increased to RM17 million (3Q2021: RM760,000 loss) and RM39 million (9M2021: RM5 million) respectively. The improvement was mainly attributable to new sales and progressive profit recognition with the completion of the Megah Rise development project in 3Q2022, as well as improvement in overall mall business performance.

Other operations

Segment profit for 3Q2022 and 9M2022 were at RM733 million (3Q2021: RM443 million) and RM1.73 billion (9M2021: RM1.05 billion) respectively. Contributions from Wilmar for 3Q2022 and 9M2022 increased significantly to RM721 million (3Q2021: RM432 million) and RM1.71 billion (9M2021: RM1.03 billion) respectively. The results from Wilmar were driven by good performance across all of its core segments.

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

For 3Q2022, the Group's profit before taxation increased to RM813 million from RM752 million recorded in 2Q2022. The higher contribution from Wilmar at RM721 million (2Q2022: RM598 million) was the main factor contributing to the strong performance achieved in 3Q2022, it was however partly mitigated by the lower contribution from the Grains and agribusiness segment.

NOTES (continued)

B3. Prospects

The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 as compared to the third quarter of 2021 (2Q2022: 8.9%). The high growth was underpinned by continued expansion in domestic demand and from the base effects of the negative growth in the third quarter of 2021. Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022. Going forward, Malaysia's economic growth will benefit from the improvement in labour market conditions, realization of multi-year projects and expected higher inbound tourism activities. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base.

Grain commodity prices remained volatile, being affected by the lingering effects of the Russian-Ukraine war and ongoing supply chain disruptions. The *Grains and agribusiness* segment has managed to recover part of its gross margins through a gradual price increase. This segment is expected to perform satisfactorily as it continues in its efforts to improve product performance and enhance operational efficiencies.

We expect the performance of the *Consumer products* segment to improve for the rest of the year as it remains focused in distributing consumer products deemed as necessities and broadening its distribution channels to improve its efficiency.

Quarter 3 saw a strong performance from several locally produced movies, which contributed positively to the *Film exhibition and distribution* segment. With several blockbuster titles lined up during the holiday seasons, we expect the segment to be on a strong recovery path and close the final quarter of 2022 with improved performance.

We have successfully completed and handed over the Megah Rise development properties to its purchasers in September 2022. The Megah Rise Mall is slated to open for business in December 2022. Going into the holiday season in the fourth quarter, we expect the *Property* segment to perform well for the rest of the year.

Overall, we expect our core segments to perform satisfactorily for the rest of the year.

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

	3 rd Quarter ended 30-Sep-22 RM'000	9 Months ended 30-Sep-22 RM'000
Profit before taxation was stated after (crediting)/charging:		
Interest income and income from short-term fund placements	(8,567)	(18,675)
Dividend income	(1,461)	(4,866)
Net foreign exchange loss	8,804	10,205
Net fair value (gain)/loss on derivatives	(31,362)	110,335
Net write back of impairment on receivables	(893)	(1,947)
Depreciation and amortisation	46,888	143,945
Interest expense on lease obligations	3,907	11,451

NOTES (continued)

B6. Tax expense

	3 rd Quarter ended 30-Sep-22 RM'000	9 Months ended 30-Sep-22 RM'000
Taxation based on the profit for the financial period:		
Malaysian taxation:		
Current tax expense	6,152	16,826
Deferred tax credit	10,069	(13,615)
	16,221	3,211
Foreign taxation:		
Current tax expense	841	2,379
Deferred tax expense	715	5,646
	17,777	11,236
Under/(over) provision in prior years:		
Current tax	10	25
Deferred tax	(181)	(253)
	17,606	11,008

The Group's effective tax rate for 3Q2022 and 9M2022 was at 45% and 57% respectively, which is higher than the statutory tax rate. This is mainly due to deferred tax assets not recognised by a subsidiary 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

There were no corporate proposals announced but not completed as at 23 November 2022.

B8. Group borrowings

Total Group borrowings as at 30 September 2022 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)	26,985	26,985 ^(b)	-
	71,485	71,485	-
Short-term bank borrowings			
Revolving credit (RM)	185,615	68,000 ^(a)	117,615
Revolving credit (IDR)	318,896	-	318,896
Short-term loan (RM)	215,133	36	215,097
Short-term loan (USD)	445,569	-	445,569
Short-term loan (VND)	329,218	-	329,218
	1,494,431	68,036	1,426,395

NOTES (continued)

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

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

B9. Derivative financial instruments

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

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	94,403	1,775
ii) Forward foreign currency contracts	631,624	25,214
Total derivative assets		26,989
<u>Derivative financial liabilities</u>		
i) Options contracts	787,479	3,162
ii) Futures contracts	445,885	21,895
iii) Forward foreign currency contracts	12,512	33
Total derivative liabilities		25,090

All contracts will be maturing within one year.

Futures and options contracts

The Group is exposed to market risk mainly from fluctuation in the prices of agricultural commodities, namely wheat and corn which are the key raw materials used in the Group's *Grains and agribusiness* segment. Commodity futures and options contracts are entered into with the objective to manage volatility of commodity prices. It is the policy of the Group to manage the commodity prices with reference to underlying contracts of corresponding commodities that are used in its grains and agribusiness operations.

Forward foreign currency contracts

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency. Under the Group's policy, foreign currency hedging is only considered for committed transactions and shall not exceed 100% of the committed amount.

Since the end of the previous financial year ended 31 December 2021, food commodity prices have remained elevated as a result of the challenging global macroeconomic conditions and the on-going Russia-Ukraine conflict. The Group will continue to monitor closely the market volatilities and take appropriate measures to mitigate such risks.

There have been no other significant changes in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

NOTES (continued)

(b) Fair value changes of financial instruments

The derivative financial instruments are recognised at fair value on contract dates and subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in the income statement. Fair value changes are dependent on the market prices of derivatives as at liquidation date and end of reporting period.

For the 3Q2022, unrealised fair value loss on derivative financial instruments amounted to RM97.7 million (3Q2021: RM57.9 million gain).

For 9M2022, unrealised fair value gain on derivative financial instruments amounted to RM6.3 million (9M2021: RM12.9 million).

B10. Material litigation

There was no material litigation as at 23 November 2022.

B11. Dividend

An interim dividend of 12 sen per share in respect of financial year ending 31 December 2022 was paid on 28 September 2022 to shareholders whose names appear on the Record of Depositors on 9 September 2022.

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

B12. Earnings per share

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the period	784,752	407,908	1,781,318	993,556
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	55.16	28.67	125.22	69.84

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

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

The auditors' report for the financial year ended 31 December 2021 was not subject to any qualification.

Kuala Lumpur
29 November 2022

By Order of the Board
Mah Teck Keong
Company Secretary

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