

FILM EXHIBITION AND DISTRIBUTION



Investor Update 2023 Quarterly Report 2





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From the Desk of the Chairman



Dear shareholders

FINANCIAL SUMMARY FOR THE 2nd QUARTER OF 2023

We are pleased to report that PPB Group's revenue increased marginally to RM3.0 billion whilst Group pre-tax profit declined by 35% to RM648 million. The lower profits were mainly attributable to lower contribution from Wilmar International Limited ("Wilmar"), which declined 54% to RM460 million. The Group's core business segments, however, recorded a profit of RM188 million in 1H2023 as compared to a RM1.0 million loss in 1H2022.

Group profit for the period was lower at RM600 million, down 40% compared with RM998 million recorded in 1H2022. Earnings per share was at 40.80 sen, 42% lower compared with 70.05 sen for 1H2022.

PRE-TAX PROFIT	EARNINGS PER SHARE
RM648 mil	40.80 sen



From the Desk of the Chairman (*continued*)

DIVIDEND

The Board of Directors has declared an interim dividend of 12 sen per share for the financial year ending 31 December 2023. The dividend is payable on 22 September 2023 to shareholders whose names appear in the Record of Depositors on 13 September 2023.

REVIEW OF OPERATIONS

The results of PPB's main business operations for 1H2023 compared with 1H2022 are summarised as follows:-

- *Grains and Agribusiness* segment revenue increased by 4% to RM2.26 billion. The segment recorded a profit of RM127 million mainly due to the improved performance of the Malaysian operations with higher sales and profit margin, on the back of a less volatile grains commodity market during the period under review.
- *Consumer Products* segment revenue was higher at RM388 million, up 3%. Segment profit was lower at RM12 million, attributable mainly to lower sales of consumer products and higher trade promotion expenses.
- *Film Exhibition and Distribution* segment revenue increased by 34% to RM296 million whilst the segment turned around with a profit of RM14 million on the back of a 33% and 42% increase in box office collections and admissions, respectively, for the Malaysian operations, coupled with a strong contribution from the Vietnam operations.
- *Property* segment revenue and profit were lower by 45% and 85% at RM45 million and RM3 million respectively. The lower revenue and profit were mainly attributable to the absence of progressive profit recognised on sold units as the Megah Rise residential project was fully completed in August 2022, and higher mall operating costs.

PROSPECTS FOR 2023

The global grains commodity market remained moderately volatile as the global supply risk could reemerge with any renewed geopolitical tension between Ukraine and Russia, as well as weather conditions affecting the production forecast of grains-growing countries.

The performance of the *Grains and Agribusiness* segment has improved significantly in the first half of 2023 compared to a year ago. However, any downside supply risk could affect the performance of the segment for the rest of the year.

With a strong first-half performance, and our continuous efforts to drive production and cost efficiency, we expect the Grains and Agribusiness segment to perform satisfactorily.

The *Consumer Products* segment is expected to deliver a satisfactory set of results by capitalising on its established nationwide distribution network and integrated warehousing and marketing system while continuing efforts to expand its consumer products range and widen its distribution base.

The *Film Exhibition and Distribution* segment had a strong close in the second quarter of 2023. For the rest of the year, we anticipate the Malaysian cinema industry performance to remain resilient with the upcoming line-up of strong movie titles; this should contribute positively to the segment's performance in 2023. Notwithstanding the recent actors and writers' strikes in Hollywood, which may cause delays to a number of blockbuster releases, we are cautiously optimistic about the performance of the segment in 2023.

We expect the *Property* segment to perform satisfactorily as the new development projects in Kedah and Penang are in their final planning stages. Improved malls occupancy and footfall are expected to drive segment revenue in 2023.

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



From the Desk of the Chairman (continued)

HAPPENINGS

PPB's 54th Annual General Meeting was held on 17 May 2023 at the Shangri-La Kuala Lumpur. At the meeting, shareholders were briefed on the Group's performance and financial results for the year ended 31 December 2022.

Golden Screen Cinemas Sdn Bhd (GSC) opened its biggest cinema in Malaysia at IOI City Mall in Putrajaya with a total of 26 screens. GSC IOI City Mall 2 (East) is equipped with the largest PlayPark, a family-friendly cinema hall and the latest on-screen technologies.

FFM (Sabah) Sdn Bhd was accredited FSSC 22000-compliant by BSI Assurance UK Limited for manufacturing animal dry feed for live stocks packed in bags or in bulk.

The Italian Baker Sdn Bhd launched Massimo Divino cream rolls in May and introduced new packaging for the bread loaves. The logo and packaging of the Marina canned food range were also refreshed.

CSR ACTIVITIES

The Group organised/participated in several CSR activities, including :

- *Hari Raya celebrations with welfare homes;*
- *Provision of food to more than 1,700 needy recipients;*
- *Cooking hot meals and provision of groceries to 200 families in PPR Jelatek, Kuala Lumpur;*
- *Supporting local entertainers by providing them a platform to perform at Jin Gastrobar, Aurum Theatre;*
- *Penang Heritage Photography Fiesta 2.0 photography and videography workshops, competitions and photo exhibition;*
- *Loving Autism Campaign in collaboration with The Hope Project;*
- *Supporting vulnerable microentrepreneurs in their home-grown businesses under "Support of Cottage Business" project;*
- *Community charity kiosks at Cheras LeisureMall, Kuala Lumpur and New World Park, Penang to facilitate NGOs and other charitable organisations to sell their products and raise funds for their causes; and*
- *Blood and organ donation drives.*

GREETINGS

I take this opportunity to wish every Malaysian, "Happy Malaysia Day"!

Dato' Capt Ahmad Sufian

Chairman

8 September 2023



Happenings



54th Annual General Meeting of PPB Group Berhad

The 54th Annual General Meeting (“AGM”) of PPB Group Berhad was held on 17 May 2023 at the Shangri-La Kuala Lumpur. Shareholders and proxy holders representing a total of 79.31% of the issued shares of the Company had registered to attend the AGM. The Company reverted to a physical AGM this year after the previous three years of a live-streaming format and online remote voting due to the COVID-19 pandemic.

At the AGM, the Group Chief Financial Officer read out the Company’s reply to a letter from the Minority Shareholders Watch Group. She also presented the key Group financial highlights for the year ended 31 December 2022 (“FY2022”), after which the Managing Director presented a summary of the Group business updates and prospects.

The Chairman and management then proceeded to deal with questions raised by shareholders relating to the Group’s operations and businesses, and results for FY2022.

After the conclusion of the business of the agenda, the resolutions tabled at the AGM were voted by poll, and the results verified. All the resolutions tabled at the meeting were passed by the shareholders.

The minutes of the AGM have been uploaded to PPB’s website and can be accessed here :

https://www.ppbgroup.com/images/pages/investor-relations/annual_general_meeting/54th_agm/Minutes-of-54th-AGM.pdf



Happenings (continued)



GSC Opens the Biggest Cinema in Malaysia at IOI City Mall

Golden Screen Cinemas ('GSC') has opened the biggest cinema in Malaysia at IOI City Mall, Putrajaya with the completion of GSC IOI City Mall 2 (East). With a total of 26 screens under one roof, GSC IOI City Mall 2 (East) offers a comprehensive lifestyle experience to enhance the movie-going experience. A full-fledged 360° entertainment hub, GSC IOI City Mall 2 (East) is equipped with the latest on-screen technologies, the largest PlayPark, a family-friendly cinema hall where little ones can run, play and jump in a safe and fun environment. Also located here are Keepsake, a one-stop shop where moviegoers can purchase their favourite movie items, and the Happy Food. Co – GSC's own café serving treats and snacks that can be taken into the cinema.



Happenings *(continued)*



Golden Screen Cinemas Celebrates Warner Bros' 100th Anniversary with the Exclusive Re-release of Classic Movies

In celebration of Warner Bros' century-long journey of cinematic excellence, GSC announced the exclusive re-release of four blockbuster classics from July to October 2023 at selected GSC locations. Based on moviegoers' votes, the line-up includes the re-release of four classic films, including Inception, The Conjuring, Interstellar, and The Dark Knight.



Happenings (continued)



FFM (Sabah) Sdn Bhd Accredited FSSC 22000-Compliant

FFM (Sabah) Sdn Bhd has been accredited by BSI Assurance UK Limited (BSI) as FSSC 22000-compliant for “Manufacturing (mixing, pelleting, crumbling) of animal dry feed (powdery, pellet and crumble) for live stocks (chicken, duck, goat, dairy cattle and swine) packed in bags or in bulk”. This recognition provides additional assurance to the group’s customers on our products quality and safety standards.



Happenings (continued)



Massimo DIVINO

Massimo's Divino range of cream buns has enhanced its delicious creaminess by using real chocolate hazelnut cream in its chocolate fluffy rolls. These on-the-go snacks also come in another variant - the fragrant and smooth Hami Melon Cream Rolls - which use high-quality cream with a refreshing fruity note.



Marina Canned Food

FFM Marketing Sdn Bhd has launched a new logo and label design for its Marina canned food range as part of the brand's evolution. The new design is modern, trendy and premium, with attention-grabbing colours and product visuals. Marina canned food items with the new labels are now available in the market.



Happenings (continued)



New Packaging for Massimo Loaves Range

The Italian Baker (TIB) announced the change of packaging design for its Massimo loaves. The new fresh and contemporary design was developed to increase the relevance of the Massimo brand to consumers. The new design highlights Massimo's wholesome goodness and maximum satisfaction. Notwithstanding the change in packaging, TIB's commitment to delivering high-quality products remains consistent, and the quality and safety of Massimo products are not compromised.

In addition to the packaging improvement, TIB's research and development efforts have also improved the taste and quality of Massimo bread. It offers more nutritional benefits for a healthier Malaysian population. Massimo products not only contain vitamins and minerals, but also exceed Ministry of Health requirements. They are rich in vitamins B1, B2 and B3, folic acid and iron. The 100% whole wheat bread is also high in all the above, as well as protein and dietary fibre.

The new packaging designs were supported by the launch of Massimo's new TV commercial titled "Good Health Makes Good Things Last". Watch it here :

<https://www.youtube.com/watch?v=olXxntWBgQU>



CSR Activities



Hari Raya Celebration

In conjunction with the Hari Raya celebration, PPB staff brought 18 children from Rumah Bakti Nur Syaheera for a shopping spree followed by a “Berbuka Puasa” dinner. PPB also organised delivery of Berbuka Puasa meals and electrical appliances to two other welfare homes in the Klang Valley, namely Pertubuhan Kebajikan Dan Perlindungan Nur Qaseh Malaysia (PKPNQM), and Pertubuhan Kebajikan Dan Pendidikan Cahaya Kasih (PKPCK). Additionally, we engaged two skilled individuals from the B40 group to install an air-conditioning unit for PKPCK, as well as to tailor Hari Raya clothing for the children from PKPNQM. A needy family in Kedah also received groceries and Hari Raya clothing.



Blood and Organ Donation Drives

Cheras LeisureMall hosted its quarterly blood donation drive to raise awareness of the urgent need for safe blood. The event successfully collected 71 bags of blood.

On 27 May 2023, New World Park organised a blood and organ drive in collaboration with Malaysia Hindu Sangam Gelugor. The event was supported by Jabatan Perubatan Transfusi Hospital Pulau Pinang to raise awareness and encourage the public to help the national blood bank. A total of 34 bags of blood were collected during the event.



CSR Activities (continued)

"Food Aid" Project

During the quarter under review, PPB assisted 10 needy families in the Klang Valley and provided basic food provisions over a three-month period to help ease their financial burden.

We also collaborated with five reputable NGOs and distributed essential food items for three months to more than 1,700 needy recipients :

Name of Organisation	Location of Recipients
Persatuan Kebajikan Keluarga Harapan Kluang Johor	Kluang, Johor
Perak Women for Women	Ipoh, Perak
HTBB Food Bank	Klang Valley
Kechara Food Bank	Klang Valley
Love Eternal Charity Association	Klang Valley

On 17 June 2023, 23 PPB Group staff volunteered their weekend to cook 500 meals and pack 200 sets of essential groceries sponsored by PPB for needy families at PPR Jelatek, Kuala Lumpur.



CSR Activities (continued)



JIN After Dark x Support Lokal Entertainers

To support the local entertainment sector, PPB and GSC have teamed up to re-launch 'JIN After Dark', an initiative that supports local artistes by providing them a platform to showcase their talent. Every Friday and Saturday, various artistes perform at JIN Gastrobar at Aurum Theatre, The Gardens Mall.



Penang Heritage Photography Fiesta 2.0

The second edition of the Penang Heritage Photography Fiesta was held from 8 April to 16 July 2023. This year's campaign was jointly organised by PPB and PPB Properties, in collaboration with SONY Malaysia and The George Town Festival.

The Fiesta features a comprehensive programme which included photography and videography workshops, competitions, and a photo exhibition. The theme of this year's campaign highlighted the rich history of George Town's heritage buildings and paid tribute to the artistry of Penang's traditional craftsmen.



CSR Activities (continued)



Launch of #LovingAutism Campaign

In conjunction with World Autism Awareness Month, GSC has launched a series of initiatives aimed at raising autism awareness among Malaysians. Together with partners such as The Hope Project, the non-profit arm of The Early Autism Project Malaysia and the National Autism Society of Malaysia ('NASOM'), GSC has launched a series of educational workshops and the sale of limited-edition merchandise. All funds raised through the initiatives are forwarded to the respective organisations.

LOVING AUTISM **AUTISM AWARENESS WITH GSC**

LOVE ONE LOVE ALL

RM36.00 ALL PROCEEDS WILL BE CHANNELED BACK TO NASOM

These limited edition t-shirts are designed by talented autistic children whom are part of the National Autism Society of Malaysia. Support autism awareness and purchase the t-shirts by scanning the QR code today!

Autism Awareness starts with acceptance. Pledge with GSC today.

In line with our aim of supporting the autism community, GSC offers a safe and inclusive space for our friends with special needs.

- Lowered Volume
- Dimmed Lights
- Designated Area for Break Time
- Special Dietary Food & Drinks Permitted
- Bring Your Own Comfort Items



Supporting Cottage Business Projects

PPB initiated this project with the aim of assisting microentrepreneurs in the B40 group to increase their sales and income. During the quarter under review, we supported three microentrepreneurs engaged in the food business in the Klang Valley by contributing cooking/baking utensils and equipment as well as food ingredients. It is hoped that with PPB's contribution, these recipients will be better able to expand their businesses and increase sales.



CSR Activities (continued)



PPB Properties Community Charity Kiosk

PPB Properties continues to empower NGOs and other charitable organisations with entrepreneurial skills by providing them with a platform to sell their products and raise funds for their causes. Originally established at Cheras LeisureMall, the community charity kiosk continues to be open to various NGOs. This year marks a significant milestone as the kiosk has expanded to New World Park, Penang, to extend the positive impact of this initiative to the northern region.

(i) Cheras LeisureMall - Lovely Disabled Home (14-30 April 2023)

Lovely Disabled Home is a non-profit charity organisation that provides shelter and daycare for the physically challenged. By selling socks, multigrain drink mixes and vouchers for their charity bazaar, Lovely Disabled Home raised about RM11,000 during the campaign period.

(ii) Cheras LeisureMall - House of Joy (18-20 May 2023)

House of Joy is a non-profit charity that provides shelter, care, and training for underprivileged children, teens, and elderly folks. During the 3-day event, House of Joy sold handmade cookies, arts and crafts, socks, and vouchers for their charity event, and raised RM430 in total.

(iii) New World Park, Penang - Eden Handicap Service Centre (23 June-16 July 2023)

The community charity kiosk in Penang welcomed its inaugural guest - Eden Handicap Service Centre (EHSC), a non-profit organisation that empowers individuals with disabilities through comprehensive training, work opportunities, and therapies. EHSC sold a variety of handmade handicrafts and accessories, including keychains, earrings, necklaces, etc., raising a total of RM3,090 over four weekends.



Announcements

Date	Subject
18 April 2023	PPB announced the issue of the Notice of the 54th Annual General Meeting (“AGM”) of the Company dated 19 April 2023.
19 April 2023	<p>PPB issued the following :</p> <ol style="list-style-type: none"> 1. 2022 Annual Report and Corporate Governance Report. 2. Circular to Shareholders dated 19 April 2023 in relation to the following : <ul style="list-style-type: none"> • Proposed shareholders’ mandate for recurrent related party transactions; and • Proposed renewal of authority for PPB to purchase its own ordinary shares.
17 May 2023	<p>PPB announced the following :</p> <ol style="list-style-type: none"> 1. All the resolutions tabled at the 54th AGM held on 17 May 2023 were passed by shareholders of the Company. 2. Changes to the Board, and Audit & Risk Committee with effect from 17 May 2023 : <ul style="list-style-type: none"> • The retirement of Tan Sri Datuk Oh Siew Nam as a Director. • The re-designation of Dato’ Ahmad Sufian @ Qurnain bin Abdul Rashid from independent to non-independent director. • Change of Dato’ Sufian’s designation to a non-independent director in the Audit and Risk Committee.
16 May 2023	PPB announced that the quarterly report for the 1st quarter ended 31 March 2023 would be released on 31 May 2023.
31 May 2023	Release of PPB’s quarterly report for the 1st quarter ended 31 March 2023.



Share Analysis

The domestic equity market declined amid lower global demand for semiconductors and lower commodity prices (KLCI -3.2% QoQ). Bond yields declined, supported by non-resident inflows into the domestic bond market. The key factors were mainly due to a slower-than-expected economic rebound from China, which affected investors' risk appetite towards emerging market economies, including Malaysia. The US debt ceiling crisis and continued expectations for monetary policy tightening weighed on investors' sentiments, leading to dampened expectations for global economic growth.

[Source: Bank Negara Malaysia website]

PPB shares closed lower at RM15.74 compared with RM16.56 in the preceding quarter and market capitalisation decreased to RM22,398 million. The average daily volume of PPB shares traded during the quarter decreased by 12.26% to 514,185 shares.

	2Q2023	1Q2023	% change
PPB share price (RM)			
Closing price (high)	16.70	17.82	-6.29%
Closing price (low)	15.72	16.46	-4.50%
Month-end closing price	15.74	16.56	-4.95%
Weighted share price	16.15	17.22	-6.16%
Market capitalisation (RM' million)	22,398	23,565	-4.95%

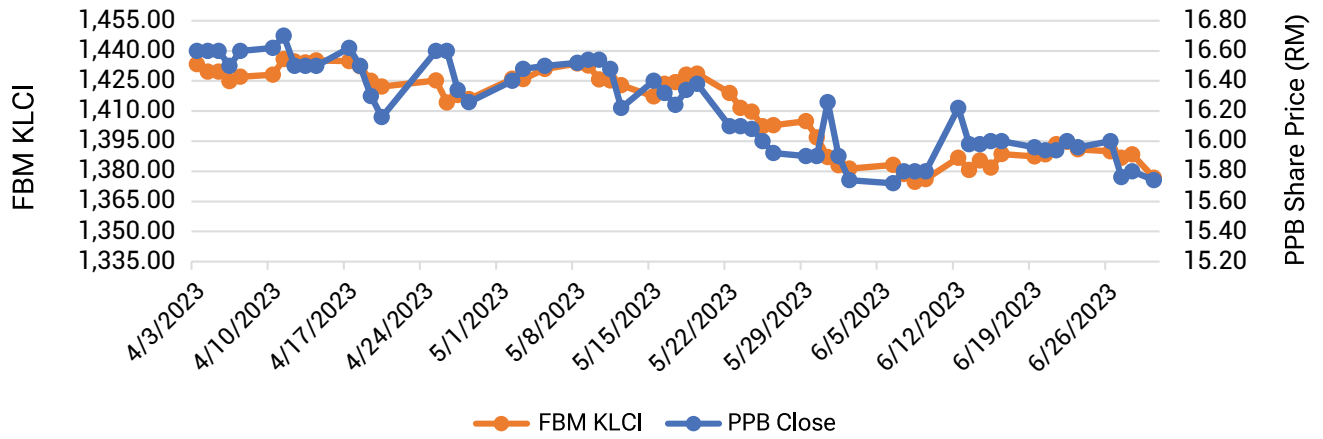
PPB share trading volume (Number of shares)			
Daily volume (high)	2,508,300	3,264,200	-23.16%
Daily volume (low)	122,000	144,500	-15.57%
Average daily volume	514,185	586,000	-12.26%

FBM KLCI			
FBM KLCI closing (high)	1,435.89	1,500.33	-4.30%
FBM KLCI closing (low)	1,374.64	1,391.60	-1.22%
FBM KLCI quarter end closing	1,376.68	1,422.59	-3.23%

FBM KLCI volume (Number of shares)			
Daily volume (high)	294,167,200	435,741,700	-32.49%
Daily volume (low)	807,181	47,980,300	-98.32%
Average daily volume	66,902,976	132,890,565	-49.66%

Share Analysis (continued)

FBM KLCI & PPB SHARE PRICE MOVEMENTS IN 2Q2023





Group Financial Highlights

(The figures have not been audited)

Financial period/year ended (All figures in RM million)	30.06.23	6 months 30.06.22	Change %	12 months 31.12.22
INCOME STATEMENT				
Revenue (Continuing operations)	3,001	2,891	4	6,151
Revenue (Discontinued operations)	-	68	(100)	106
Revenue	3,001	2,959	1	6,257
Profit before tax (Continuing operations)	648	993	(35)	2,250
Loss before tax (Discontinued operations)	-	(1)	100	-
Profit before tax	648	992	(35)	2,250
Profit attributable to owners of the parent	580	997	(42)	2,197
STATEMENT OF FINANCIAL POSITION				
Non-current assets	25,734	24,933	3	25,017
<u>Current assets</u>				
Cash and cash equivalents	1,531	1,547	(1)	1,587
Others	1,988	2,861	(31)	2,288
Assets classified as held for sale	513	-	100	41
Total current assets	4,032	4,408	(9)	3,916
Total assets	29,766	29,341	1	28,933
<u>Equity</u>				
Share capital	1,429	1,429	-	1,429
Reserves	25,417	24,177	5	24,402
Equity attributable to owners of the parent	26,846	25,606	5	25,831
Non-controlling interests	748	758	(1)	738
Total equity	27,594	26,364	5	26,569

Group Financial Highlights (continued)

Financial period/year ended (All figures in RM million)	30.06.23	6 months 30.06.22	Change %	12 months 31.12.22
<u>Non-current liabilities</u>				
Borrowings	66	70	(6)	69
Others	505	477	6	499
Total non-current liabilities	571	547	4	568
<u>Current liabilities</u>				
Borrowings	774	1,524	(49)	1,279
Others	478	906	(47)	513
Liabilities directly associated with the assets held for sale	349	-	100	4
Total current liabilities	1,601	2,430	(34)	1,796
Total liabilities	2,172	2,977	(27)	2,364
Total equity and liabilities	29,766	29,341	1	28,933

RATIOS

Return on equity attributable to owners of the parent	(%)	4.3	7.8	8.5
Earnings per share	(sen)	40.80	70.05	154.43
Debt to equity ratio	(times)	0.03	0.06	0.05
Net assets per share	(RM)	18.87	18.00	18.16
Dividend per share for financial period/ year ended	(sen)	12.0	12.0	40.0

STOCK MARKET INFORMATION

Share price	(RM)	15.74	15.86	17.44
Market capitalisation	(RM million)	22,392	22,562	24,810



Unaudited Condensed Consolidated Income Statements

For The Financial Period Ended 30 June 2023

	2 nd Quarter ended 30 June		6 Months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Revenue	1,480,934	1,542,833	3,000,609	2,891,205
Cost of sales	(1,326,891)	(1,364,686)	(2,692,931)	(2,603,728)
Gross profit	154,043	178,147	307,678	287,477
Other operating income/(expenses)	77,215	60,454	149,973	(110,999)
Distribution costs	(53,292)	(53,006)	(106,903)	(107,496)
Administrative expenses	(56,455)	(46,319)	(113,211)	(92,795)
Other expenses	(2,024)	(1,871)	(3,183)	(3,149)
Share of results of associates	132,283	628,496	453,061	1,044,142
Share of results of joint venture	1,473	1,228	2,473	2,548
Finance costs	(20,419)	(14,604)	(42,050)	(27,192)
Profit before taxation	232,824	752,525	647,838	992,536
Tax (expense)/credit	(24,953)	(36,399)	(47,449)	6,217
Profit for the period from continuing operations	207,871	716,126	600,389	998,753
Discontinued operations				
Loss before taxation	-	(453)	-	(1,374)
Tax credit	-	175	-	381
Loss for the period from discontinued operations	-	(278)	-	(993)
Profit for the period	207,871	715,848	600,389	997,760
Attributable to :				
Owners of the parent				
Profit from continuing operations	202,814	693,685	580,351	997,559
Loss from discontinued operations	-	(278)	-	(993)
Profit for the period attributable to owners of the parent	202,814	693,407	580,351	996,566
Non-controlling interests				
Profit from continuing operations	5,057	22,441	20,038	1,194
Profit for the period	207,871	715,848	600,389	997,760
Basic earnings per share (sen)				
- continuing operations	14.26	48.76	40.80	70.12
- discontinued operations	-	(0.02)	-	(0.07)
	14.26	48.74	40.80	70.05

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

Unaudited Condensed Consolidated Statements Of Comprehensive Income

For The Financial Period Ended 30 June 2023

	2 nd Quarter ended 30 June		6 Months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the period	207,871	715,848	600,389	997,760
Other comprehensive income, net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value loss on investment in equity instruments designated as fair value through other comprehensive income	(43,437)	(2,981)	(8,899)	(9,063)
Share of associates' other comprehensive income/(loss)	12,035	12,462	17,578	(17,319)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	1,210,960	977,399	1,361,584	1,191,089
Share of associates' other comprehensive loss	(610,834)	(462,422)	(486,931)	(559,044)
Total comprehensive income	776,595	1,240,306	1,483,721	1,603,423
Attributable to :				
Owners of the parent				
Total comprehensive income from continuing operations	760,701	1,214,967	1,444,535	1,595,138
Total comprehensive loss from discontinued operations	-	(278)	-	(993)
Total comprehensive income attributable to owners of the parent	760,701	1,214,689	1,444,535	1,594,145
Non-controlling interests				
Total comprehensive income from continuing operations	15,894	25,617	39,186	9,278
Total comprehensive income	776,595	1,240,306	1,483,721	1,603,423

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



Unaudited Condensed Consolidated Statements Of Financial Position

	As at 30-Jun-23 RM'000	As at 31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,218,691	1,322,671
Investment properties	360,917	366,682
Right-of-use assets	380,186	373,976
Bearer plants	3,883	3,893
Land held for property development	98,170	98,170
Goodwill	70,232	70,232
Other intangible assets	13,259	12,604
Investment in associates	23,179,019	22,329,590
Investment in joint venture	34,111	31,159
Other investments	343,570	351,945
Deferred tax assets	32,354	55,695
Total non-current assets	25,734,392	25,016,617
Current assets		
Inventories	998,065	1,090,095
Biological assets	25,513	19,980
Property development costs	2,878	2,523
Trade receivables	635,057	809,185
Other receivables	277,653	337,320
Derivative financial assets	32,245	289
Current tax assets	16,447	28,334
Cash and cash equivalents	1,531,434	1,587,047
Total current assets	3,519,292	3,874,773
Assets classified as held for sale	512,646	41,287
	4,031,938	3,916,060
TOTAL ASSETS	29,766,330	28,932,677
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	25,417,034	24,401,527
Equity attributable to owners of the parent	26,846,348	25,830,841
Non-controlling interests	747,815	737,667
Total equity	27,594,163	26,568,508

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

	As at 30-Jun-23 RM'000	As at 31-Dec-22 RM'000
Non-current liabilities		
Borrowings	66,295	68,691
Lease obligations	345,124	339,949
Deferred tax liabilities	112,142	114,433
Provision for restoration cost	47,270	45,320
Total non-current liabilities	570,831	568,393
Current liabilities		
Trade payables	186,590	225,106
Other payables	232,126	202,789
Derivative financial liabilities	5,126	41,110
Borrowings	773,859	1,278,516
Lease obligations	43,504	41,318
Current tax liabilities	11,319	2,732
Total current liabilities	1,252,524	1,791,571
Liabilities directly associated with the assets held for sale	348,812	4,205
	1,601,336	1,795,776
Total liabilities	2,172,167	2,364,169
TOTAL EQUITY AND LIABILITIES	29,766,330	28,932,677

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



Unaudited Condensed Consolidated Statements Of Changes In Equity

For The Financial Period Ended 30 June 2023

	Share capital RM'000	Non-distributable reserves RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
6 Months ended						
30 June 2023						
At 1 January 2023	1,429,314	4,115,216	20,286,311	25,830,841	737,667	26,568,508
Profit for the period	-	-	580,351	580,351	20,038	600,389
Other comprehensive income	-	864,184	-	864,184	19,148	883,332
Total comprehensive income	-	864,184	580,351	1,444,535	39,186	1,483,721
Transfer of reserves	-	34,717	(34,717)	-	-	-
Dividends paid to shareholders of the Company	-	-	(398,328)	(398,328)	-	(398,328)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	(31,531)	(31,531)
Issue of shares to non-controlling interests	-	-	-	-	2,643	2,643
Share of other changes in equity of associates	-	(30,700)	-	(30,700)	-	(30,700)
Disposal of a subsidiary	-	-	-	-	(150)	(150)
At 30 June 2023	1,429,314	4,983,417	20,433,617	26,846,348	747,815	27,594,163

6 Months ended						
30 June 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	-	-	996,566	996,566	1,194	997,760
Other comprehensive income/(loss)	-	600,253	(2,674)	597,579	8,084	605,663
Total comprehensive income	-	600,253	993,892	1,594,145	9,278	1,603,423
Transfer of reserves	-	93,194	(93,194)	-	-	-
Dividends paid to shareholders of the Company	-	-	(355,650)	(355,650)	-	(355,650)
Share of other changes in equity of associates	-	(63,642)	-	(63,642)	-	(63,642)
At 30 June 2022	1,429,314	4,907,160	19,269,867	25,606,341	758,093	26,364,434

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

Unaudited Condensed Consolidated Statements Of Cash Flows

For The Financial Period Ended 30 June 2023

	6 Months ended 30 June	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	647,838	992,536
Loss before tax from discontinued operations	-	(1,374)
Profit before taxation	647,838	991,162
Adjustments:		
Non-cash items	(419,861)	(995,401)
Non-operating items	10,795	14,030
Operating profit before working capital changes	238,772	9,791
Working capital changes:-		
Net change in current assets	58,142	(384,121)
Net change in current liabilities	24,569	182,993
Cash generated from/(used in) operations	321,483	(191,337)
Tax paid	(5,582)	(13,763)
Net cash generated from/(used in) operating activities	315,901	(205,100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment, investment properties, biological assets and other intangible assets	(67,719)	(59,320)
Proceeds from disposal of property, plant and equipment	186	3,535
Investments in associates	(169)	(211)
Proceeds from disposal of a subsidiary	50,322	8,931
Dividends received	433,714	399,539
Income received from short-term fund placements	18,833	6,980
Interest received	8,098	2,935
(Repayment from)/advances to associates	(209)	3,465
Distribution of profit from joint venture	1,920	1,942
Proceeds from liquidation of a subsidiary	3,722	-
Net cash generated from investing activities	448,698	367,796



Unaudited Condensed Consolidated Statements Of Cash Flows For The Financial Period Ended 30 June 2023 (continued)

	6 Months ended 30 June	
	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of bank borrowings	(295,433)	479,872
Interest paid	(33,961)	(19,799)
Dividends paid to shareholders of the Company	(398,328)	(355,650)
Dividends paid to non-controlling interests of subsidiaries	(31,531)	-
Payment of lease obligations	(27,957)	(19,979)
Shares issued to non-controlling interest of a subsidiary	4,434	-
Net cash (used in)/generated from financing activities	(782,776)	84,444
Net (decrease)/increase in cash and cash equivalents	(18,177)	247,140
Cash and cash equivalents brought forward	1,596,559	1,296,316
Effect of exchange rate changes	14,810	3,549
Cash and cash equivalents carried forward	1,593,192	1,547,005
(including cash in asset classified as held for sale)		
 <u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	417,362	623,339
Bank deposits	155,474	143,978
Short-term fund placements	1,020,356	779,688
	1,593,192	1,547,005

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

Notes

A1. Accounting policies

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

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2022 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2023:

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

The adoption of the above Amendments to MFRS did not have any material impact 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 June 2023.

A4. Nature and amount of changes in estimates

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

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

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

A6. Dividends paid

A final dividend of 28 sen per share in respect of financial year ended 31 December 2022 was paid on 8 June 2023.



Notes (continued)

A7. Segmental reporting

Performance of the Group's business segments for the financial period ended 30 June 2023 is as follows:

	Grains and agribusiness	Consumer products	Film exhibition and distribution	Property	Other Operations	Inter- segment elimination	Total
Business segments:							
All figures in RM'000							
REVENUE							
External revenue	2,258,940	388,406	296,351	44,972	11,940	-	3,000,609
Inter-segment sales	58,319	2,967	-	401	-	(61,687)	-
Total revenue	2,317,259	391,373	296,351	45,373	11,940	(61,687)	3,000,609
RESULTS							
Segment results	136,794	12,755	7,230	2,453	48,955	-	208,187
Share of results of associates	(10,108)	(839)	6,789	909	456,310	-	453,061
Share of results of joint venture	-	-	-	-	2,473	-	2,473
Unallocated corporate expenses	-	-	-	-	-	-	(15,883)
Profit before taxation	126,686	11,916	14,019	3,362	507,738	-	647,838

Notes (continued)

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

Mantap Aman Sdn Bhd, an indirect 100%-owned subsidiary of the Company held via the Company's 80% equity interest in FFM Berhad ("FFM"), had on 11 August 2023 entered into a Conditional Sale and Purchase Agreement with PT Sentratama Niaga Indonesia and PT Wilmar Nabati Indonesia to divest its entire 51% equity interest comprising 257,397 ordinary shares in PT Pundi Kencana ("Pundi") for a cash consideration of Rp290.7 billion (equivalent to RM87.5 million). The disposal of Pundi is expected to be completed in the third quarter of 2023. Subject to the final quantified sum of employees severance pay to be deducted from the sale proceeds, the disposal is estimated to realise a gain of RM24.8 million.

As at 30 June 2023, the assets and liabilities of Pundi have been classified as "Assets held for sale" and "Liabilities directly associated with the assets held for sale", respectively.

Other than the above, there were no material events or transactions since the end of the financial period to the date of this announcement which materially affect the results of the Group.

A9. Changes in the composition of the Group

On 28 February 2023, Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company completed the disposal of its entire 99.57% equity interest in Malayan Adhesives and Chemicals Sdn Bhd ("MAC") to Techbond Group Bhd for a cash consideration of RM57 million. A gain on disposal of RM24.5 million has been recorded in the financial statements for the 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 financial period under review.

A10. Changes in contingent liabilities or contingent assets

On 5 August 2022, FFM received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act"). The Proposed Decision was premised primarily on the allegation that FFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed prices in breach of Section 4 of the Act.

MyCC has highlighted that their findings are provisional and it should not be assumed that FFM has broken the law at this stage. Subject to the findings in relation to the alleged infringement, MyCC proposed to impose a penalty of RM46.63 million on FFM. This is, however, neither final nor conclusive.

FFM has on 31 January 2023 submitted the required written representation to MyCC and is now awaiting decision from MyCC.



Notes (continued)

A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 30 June 2023 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	125,171
- not contracted	347,922
	473,093
Other commitments	
- contracted	408,999
Total	882,092

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 June 2023 are as follows:

	RM'000
Transactions with associates	
- Sales of goods	5,987
- Purchase of goods	4,687
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	9,376
- Supervision fee income	1,363
Transactions with subsidiaries of associates	
- Purchase of goods	367,137
- Sales of goods	59,040
- Rental income	1,698
- Other services expenses	8,066
- Freight cost	52,937

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								
202023								
REVENUE								
External revenue	1,098,153	189,083	167,999	-	22,075	3,624	-	1,480,934
Inter-segment sales	26,625	1,710	-	-	201	-	(28,536)	-
Total revenue	1,124,778	190,793	167,999	-	22,276	3,624	(28,536)	1,480,934
RESULTS								
Segment results	75,857	4,658	11,627	-	820	14,711	-	107,673
Share of results of associates	(7,630)	(83)	2,417	-	1,816	135,763	-	132,283
Share of results of joint venture	-	-	-	-	-	1,473	-	1,473
Unallocated corporate expenses	-	-	-	-	-	-	-	(8,605)
Profit before taxation	68,227	4,575	14,044	-	2,636	151,947	-	232,824



Notes (continued)

B1. Performance analysis (CONTINUED)

Group financial performance by business segment (CONTINUED)

	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								
202022								
REVENUE								
External revenue	1,125,485	191,956	156,670	34,481	46,838	21,884	-	1,577,314
Inter-segment sales	34,222	1,707	-	-	200	14	(36,143)	-
Total revenue	1,159,707	193,663	156,670	34,481	47,038	21,898	(36,143)	1,577,314
RESULTS								
Segment results	84,526	6,895	21,314	(465)	12,833	4,058	-	129,161
Share of results of associates	30,730	(785)	943	-	(205)	597,813	-	628,496
Share of results of joint venture	-	-	-	12	-	1,228	-	1,240
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,825)
Profit/(Loss) before taxation	115,256	6,110	22,257	(453)	12,628	603,099	-	752,072
Variance								
Revenue (%)	-2%	-1%	7%	-100%	-53%	-83%	21%	-6%
Profit/(Loss) before taxation (%)	-41%	-25%	-37%	n.m	-79%	-75%	-	-69%

n.m - not meaningful

Notes (continued)

B1. Performance analysis (CONTINUED)

Group financial performance by business segment (CONTINUED)

	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								
1H2023								
REVENUE								
External revenue	2,258,940	388,406	296,351	-	44,972	11,940	-	3,000,609
Inter-segment sales	58,319	2,967	-	-	401	-	(61,687)	-
Total revenue	2,317,259	391,373	296,351	-	45,373	11,940	(61,687)	3,000,609
RESULTS								
Segment results	136,794	12,755	7,230	-	2,453	48,955	-	208,187
Share of results of associates	(10,108)	(839)	6,789	-	909	456,310	-	453,061
Share of results of joint venture	-	-	-	-	-	2,473	-	2,473
Unallocated corporate expenses	-	-	-	-	-	-	-	(15,883)
Profit before taxation	126,686	11,916	14,019	-	3,362	507,738	-	647,838



Notes (continued)

B1. Performance analysis (CONTINUED)

Group financial performance by business segment (CONTINUED)

	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								
1H2022								
REVENUE								
External revenue	2,169,814	375,446	220,613	67,784	82,130	43,202	-	2,958,989
Inter-segment sales	61,742	2,385	-	37	401	42	(64,607)	-
Total revenue	2,231,556	377,831	220,613	67,821	82,531	43,244	(64,607)	2,958,989
RESULTS								
Segment results	(76,509)	14,015	(7,420)	(1,402)	22,058	7,621	-	(41,637)
Share of results of associates	53,459	(935)	(229)	-	(277)	992,124	-	1,044,142
Share of results of joint venture	-	-	-	28	-	2,547	-	2,575
Unallocated corporate expenses	-	-	-	-	-	-	-	(13,918)
(Loss)/Profit before taxation	(23,050)	13,080	(7,649)	(1,374)	21,781	1,002,292	-	991,162
Variance								
Revenue (%)	4%	3%	34%	-100%	-45%	-72%	5%	1%
Profit/(Loss) before taxation (%)	n.m	-9%	n.m	n.m	-85%	-49%	-	-35%

n.m - not meaningful

Notes (continued)

B1. Performance analysis (CONTINUED)

Group performance review

For 2Q2023 and 1H2023, the Group achieved total revenue of RM1.48 billion and RM3.00 billion respectively (2Q2022: RM1.58 billion; 1H2022: RM2.96 billion). Pre-tax profit for 2Q2023 and 1H2023 was lower by 69% to RM233 million (2Q2022: RM752 million) and 35% to RM648 million (1H2022: RM991 million) respectively. The lower profits were mainly attributable to the lower contribution from Wilmar International Limited ("Wilmar") by 77% to RM139 million in 2Q2023 (2Q2022: RM598 million) and 54% to RM460 million in 1H2023 (1H2022: RM992 million). The Group's core business segments, however, recorded a profit of RM188 million in 1H2023 as compared to a loss of RM1 million in 1H2022.

Grains and agribusiness

Segment revenue for 2Q2023 and 1H2023 was at RM1.10 billion (2Q2022: RM1.13 billion) and RM2.26 billion (1H2022: RM2.17 billion) respectively. The segment recorded lower profit at RM68 million in 2Q2023 (2Q2022: RM115 million), mainly attributable to losses recorded at the Indonesia and China flour mills with lower sales volume and higher cost of raw materials on hand. For 1H2023, the segment recorded a profit of RM127 million (1H2022: RM23 million loss). This was mainly due to the improved performance of the Malaysian operations with higher sales and profit margin, on the back of a less volatile grains commodity market during the period under review.

Consumer products

Segment revenue for 2Q2023 and 1H2023 was at RM189 million (2Q2022: RM192 million) and RM388 million (1H2022: RM375 million) respectively. The segment reported lower profit at RM5 million in 2Q2023 (2Q2022: RM6 million) and RM12 million in 1H2023 (1H2022: RM13 million) respectively, attributable mainly to lower sales of consumer products and higher trade promotion expenses.

Film exhibition and distribution

Segment revenue for 2Q2023 and 1H2023 was higher at RM168 million (2Q2022: RM157 million) and RM296 million (1H2022: RM221 million) respectively. The segment reported a lower profit of RM14 million in 2Q2023 (2Q2022: RM22 million) due mainly to higher cinema operating costs as the cinema operation resumed full normalcy. For 1H2023, the segment turned around with a profit of RM14 million (1H2022: RM8 million loss) on the back of a 33% and 42% increase in box office collections and admissions for Malaysian operations coupled with strong contribution from the Vietnam operations.

Property

Segment revenue for 2Q2023 and 1H2023 was at RM22 million (2Q2022: RM47 million) and RM45 million (1H2023: RM82 million) respectively. Segment profit for 2Q2023 and 1H2023 was lower at RM3 million (2Q2022: RM13 million; 1H2022: RM22 million). The lower revenue and profit was mainly attributable to the absence of progressive profit recognised for sold units as the Megah Rise residential project has been fully completed in August 2022; and higher mall operating costs.

Other operations

Segment profit for 2Q2023 and 1H2023 was at RM152 million (2Q2022: RM603 million) and RM508 million (1H2022: RM1.00 billion). Contribution from Wilmar for 2Q2023 and 1H2023 was lower at RM139 million (2Q2022: RM598 million) and RM460 million (1H2022: RM992 million) respectively, this was partially offset by a gain on disposal of Malayan Adhesives and Chemicals Sdn Bhd ("MAC") amounting to RM24.5 million (Refer to Note A9).



Notes (continued)

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

For 2Q2023, profit before taxation was lower at RM233 million as compared to RM415 million recorded in 1Q2023, mainly attributed to lower contribution from Wilmar at RM139 million (1Q2023: RM321 million) and absence of the gain on disposal of MAC amounting to RM24.5 million, partially offset by improved performance from the *Grain and Agribusiness* and *Film Exhibition and Distribution* segments.

B3. Prospects

The Malaysian economy expanded moderately by 2.9% in the second quarter of 2023 (1Q2023: 5.6%), weighed mainly by slower external demand. Second quarter 2023 growth rate was also affected by the high base effect in the second quarter of 2022, when the economy experienced strong growth from the reopening effects and policy measures.

Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government.

On the back of a modest global economic performance, decline in regional exports and lower commodity production, the Malaysian economic growth is expected to expand close to the lower end of 4.0 to 5.0% range in 2023. Growth will continue to be supported by resilient domestic demand and improving employment income as well as implementation of multi-year projects.

The global grains commodity market remained moderately volatile as the global supply risk could re-emerge with any escalation of geopolitical tension of Ukraine and Russia, as well as weather conditions affecting the production forecast of grains-growing countries.

Whilst the performance of the *Grains and Agribusiness* segment has improved significantly in the first half of 2023 as compared to a year ago. However, any downside supply risk, could affect performance of the segment for the rest of the year.

With a strong first half performance, and our continuous efforts to drive production and cost efficiency, we expect the *Grains and Agribusiness* segment to perform satisfactorily.

The *Consumer Products* segment is expected to deliver a satisfactory set of results by capitalising on its established nationwide distribution network and integrated warehousing and marketing system, while continuing its efforts to expand its consumer products range and widen its distribution base.

The *Film Exhibition and Distribution* segment had a strong close in the second quarter of 2023. For the rest of the year, we anticipate the Malaysian cinema industry performance to remain resilient with the upcoming lineup of strong movie titles, which should contribute positively to the segment's performance in 2023. However, the recent actors and writers' strikes in Hollywood may potentially affect the filming of movies and cause delays to a number of blockbusters releases, we are cautiously optimistic about the performance of the segment in 2023.

We expect the *Property* segment to perform satisfactorily as the new development projects in Kedah and Penang are at their final planning stages. Improved malls occupancy and footfall are expected to drive segment revenue in 2023.

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

Notes (continued)

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before taxation

	2 nd Quarter ended 30-Jun-23 RM'000	6 Months ended 30-Jun-23 RM'000
Profit before taxation was stated after crediting/(charging):		
Interest income and income from short-term fund placements	14,494	27,689
Dividend income	3,506	3,566
Net foreign exchange gain/(loss)	1,730	(7,530)
Gain on disposal of subsidiary	-	24,501
Net fair value gain on derivatives	49,868	84,894
Net write back of impairment on receivables	232	522
Depreciation and amortisation	(49,107)	(99,237)
Interest expense on lease obligations	(4,009)	(8,108)

B6. Tax expense

	2 nd Quarter ended 30-Jun-23 RM'000	6 Months ended 30-Jun-23 RM'000
Taxation based on the profit for the financial period:		
Malaysian taxation:		
Current tax expense	(2,978)	(19,418)
Deferred tax expense	(21,310)	(26,112)
	<u>(24,288)</u>	<u>(45,530)</u>
Foreign taxation:		
Current tax expense	(194)	(842)
Deferred tax expense	(471)	(1,077)
	<u>(24,953)</u>	<u>(47,449)</u>

The Group's effective tax rate stood at 25% for both 2Q2023 and 1H2023, which is higher than the statutory tax rate. This is mainly due to deferred tax assets not recognised on tax losses of certain subsidiaries. Deferred tax benefits will only be recognised when it is probable that taxable profits will be available to allow deferred tax benefits to be realised.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed.



Notes (continued)

B8. Group borrowings

Total Group borrowings as at 30 June 2023 were as follows:

	Total RM'000	Secured RM'000		Unsecured RM'000
Long-term bank borrowings				
Long-term bank loan (RM)	44,500	44,500	(a)	-
Long-term bank loan (VND)	21,795	21,795	(b)	-
	66,295	66,295		-
Short-term bank borrowings				
Revolving credit (RM)	163,704	50,000	(a)	113,704
Short-term loan (RM)	87,000	-		87,000
Short-term loan (USD)	337,743	-		337,743
Short-term loan (VND)	185,412	6,539	(b)	178,873
	773,859	56,539		717,320

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

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

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 30 June 2023

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
Derivative financial assets		
i) Futures contracts	333,287	23,236
ii) Forward foreign currency contracts	325,044	9,009
Total derivative assets		32,245
Derivative financial liabilities		
i) Options contracts	67,668	4,981
ii) Forward foreign currency contracts	42,559	145
Total derivative liabilities		5,126

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.

Notes (continued)

Forward foreign currency contracts

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

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

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

(b) Fair value changes of financial instruments

The derivative financial instruments are recognised at fair value on contract dates and subsequently remeasured 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 2nd quarter of 2023, unrealised fair value gain on derivative financial instruments amounted to RM32.4 million (2Q2022: RM156.4 million).

For the 1st half of 2023, unrealised fair value gain on derivative financial instruments amounted to RM30.9 million (1H2022: RM104 million).

B10. Material litigation

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

B11. Dividend

The Board of Directors is pleased to declare an interim dividend of 12 sen per share for the financial year ending 31 December 2023 (2022:12 sen per share) payable on 22 September 2023 to shareholders whose names appear in the Record of Depositors at the close of business on 13 September 2023.

B12. Earnings per share

	2 nd Quarter ended 30 June		6 Months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net profit for the period	202,814	693,407	580,351	996,566
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	14.26	48.74	40.80	70.05

There were no potential dilutive ordinary shares outstanding as at 30 June 2023 and 30 June 2022. As such, there were no diluted earnings per share for the financial period ended 30 June 2023 and 30 June 2022.

Notes *(continued)*

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

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

Kuala Lumpur
29 August 2023

By Order of the Board
Mah Teck Keong
Company Secretary

PPB GROUP BERHAD

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