

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2020**

**Condensed Consolidated Income Statements For The Period Ended 31 March 2020**

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

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

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Comprehensive Income**  
**For The Period Ended 31 March 2020**

	1st Quarter ended		3 Months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>188,471</b>	261,943	<b>188,471</b>	261,943
Other comprehensive income/(loss), net of tax				
<b><u>Items that will not be subsequently reclassified to profit or loss</u></b>				
Fair value (loss)/gain on investment in equity instruments designated as fair value through other comprehensive income	(124,033)	8,973	(124,033)	8,973
Share of associates' other comprehensive loss	-	(9,580)	-	(9,580)
<b><u>Items that will be subsequently reclassified to profit or loss</u></b>				
Exchange differences on translation of foreign operations				
- Gain/(Loss) arising during the period	927,000	(200,751)	927,000	(200,751)
Share of associates' other comprehensive (loss) /income	(371,853)	180,457	(371,853)	180,457
<b>Total comprehensive income</b>	<b>619,585</b>	<b>241,042</b>	<b>619,585</b>	<b>241,042</b>
Attributable to :				
Owners of the parent	618,220	224,361	618,220	224,361
Non-controlling interests	1,365	16,681	1,365	16,681
<b>Total comprehensive income</b>	<b>619,585</b>	<b>241,042</b>	<b>619,585</b>	<b>241,042</b>

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

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

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

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

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

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

**Condensed Consolidated Statements Of Changes In Equity For The Period Ended 31 March 2020**

	Share capital RM'000	Non-distributable reserves RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
<b><u>3 months ended 31 March 2020</u></b>						
At 1 January 2020	1,429,314	2,825,928	17,180,017	21,435,259	695,532	22,130,791
Total comprehensive income	-	430,954	187,266	618,220	1,365	619,585
Transfer of reserves	-	6,740	(6,740)	-	-	-
<b>At 31 March 2020</b>	<b>1,429,314</b>	<b>3,263,622</b>	<b>17,360,543</b>	<b>22,053,479</b>	<b>696,897</b>	<b>22,750,376</b>
<b><u>3 months ended 31 March 2019</u></b>						
At 1 January 2019	1,429,314	3,166,516	16,444,244	21,040,074	696,797	21,736,871
Total comprehensive (loss)/income	-	(24,087)	248,448	224,361	16,681	241,042
Transfer of reserves	-	6,586	(6,586)	-	-	-
<b>At 31 March 2019</b>	<b>1,429,314</b>	<b>3,149,015</b>	<b>16,686,106</b>	<b>21,264,435</b>	<b>713,478</b>	<b>21,977,913</b>

Note :

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

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

**PPB GROUP BERHAD** [196801000571 (8167-W)]  
**Condensed Consolidated Statements Of Cash Flows**  
**For The Period Ended 31 March 2020**

	<b>3 months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>200,922</b>	<b>279,862</b>
Adjustments :		
Non-cash items	(103,581)	(170,178)
Non-operating items	(4,302)	(2,857)
Operating profit before working capital changes	93,039	106,827
Working capital changes :-		
Net change in current assets	(13,937)	116,367
Net change in current liabilities	(83,313)	(228,005)
Cash generated used in operations	(4,211)	(4,811)
Tax paid	(10,097)	(13,764)
<b>Net cash used in operating activities</b>	<b>(14,308)</b>	<b>(18,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(44,394)	(22,876)
Proceeds from disposal of property, plant and equipment	326	248
Purchase of investments	(22,142)	(20)
Dividends received	558	210
Income received from short-term fund placements	9,648	7,056
Interest received	2,135	3,339
Repayment from/(advance to) associates	3,515	(217)
Distribution of profit from joint venture	933	1,532
<b>Net cash used in investing activities</b>	<b>(49,421)</b>	<b>(10,728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown/(Repayment) of bank borrowings	27,264	(7,423)
Interest paid	(4,097)	(6,652)
Payment of lease obligations	(10,969)	(10,673)
Other financing activities	(28)	(18)
<b>Net cash generated from/(used in) financing activities</b>	<b>12,170</b>	<b>(24,766)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(51,559)</b>	<b>(54,069)</b>
Cash and cash equivalents brought forward	1,500,571	1,390,711
Effect of exchange rate changes	2,036	(898)
<b>Cash and cash equivalents carried forward</b>	<b>1,451,048</b>	<b>1,335,744</b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	197,614	199,998
Bank deposits	190,011	124,408
Short-term fund placements	1,063,930	1,011,676
Bank overdrafts	(507)	(338)
	<b>1,451,048</b>	<b>1,335,744</b>

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

## NOTES

### A1. Accounting policies

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

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2020 :

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

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

### A2. Seasonality or cyclicity of interim operations

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

### A3. Exceptional or unusual items

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

### A4. Nature and amount of changes in estimates

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

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

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

### A6. Dividends paid

No dividend was paid during the financial period under review.

**A7. Segmental reporting**

Performance of the Group's business segments for the financial period ended 31 March 2020 is as follows :

<b>Business segments:</b> All figures in RM'000	<u>Grains and agribusiness</u>	<u>Consumer products</u>	<u>Film exhibition and distribution</u>	<u>Environmental engineering and utilities</u>	<u>Property</u>	<u>Other operations</u>	<u>Inter-segment elimination</u>	<u>Total</u>
<b>REVENUE</b>								
External revenue	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	37,988	346	-	64	240	104	(38,742)	-
<b>Total revenue</b>	<b>808,595</b>	<b>160,148</b>	<b>78,058</b>	<b>32,048</b>	<b>12,955</b>	<b>14,928</b>	<b>(38,742)</b>	<b>1,067,990</b>
<b>RESULTS</b>								
Segment results	29,298	1,188	(18,151)	(646)	(200)	6,862	-	18,351
Share of results of associates	25,188	(1,214)	(1,322)	1,120	(2,275)	165,470	-	186,967
Share of results of joint venture	-	-	-	1,584	-	-	-	1,584
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,980)
<b>Profit/(Loss) before taxation</b>	<b>54,486</b>	<b>(26)</b>	<b>(19,473)</b>	<b>2,058</b>	<b>(2,475)</b>	<b>172,332</b>	<b>-</b>	<b>200,922</b>



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

There were no material events subsequent to the end of the financial period that have not been reflected in the financial statements under review.

**A9. Changes in the composition of the Group**

There were no material changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the financial period under review.

**A10. Changes in contingent liabilities or contingent assets**

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

**A11. Capital and other commitments**

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

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

**A12. Significant related party transactions**

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

	RM'000
Transactions with associates	
- Purchase of goods	9,913
	<u>9,913</u>
Transactions with subsidiaries of the ultimate holding company	
- Sales of goods	10,614
	<u>10,614</u>
Transactions with subsidiaries of associates	
- Purchase of goods	44,365
- Sales of goods	27,699
- Other service expenses	3,070
- Freight cost	38,583
	<u>113,717</u>

**B1. Performance analysis**

**Group financial performance by business segment**

<b>Business segments:</b> All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter- segment elimination	Total
<u>1Q2020</u>								
<b>REVENUE</b>								
External revenue	770,607	159,802	78,058	31,984	12,715	14,824	-	1,067,990
Inter-segment sales	37,988	346	-	64	240	104	(38,742)	-
<b>Total revenue</b>	<b>808,595</b>	<b>160,148</b>	<b>78,058</b>	<b>32,048</b>	<b>12,955</b>	<b>14,928</b>	<b>(38,742)</b>	<b>1,067,990</b>
<b>RESULTS</b>								
Segment results	29,298	1,188	(18,151)	(646)	(200)	6,862	-	18,351
Share of results of associates	25,188	(1,214)	(1,322)	1,120	(2,275)	165,470	-	186,967
Share of results of joint venture	-	-	-	1,584	-	-	-	1,584
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,980)
<b>Profit/(Loss) before taxation</b>	<b>54,486</b>	<b>(26)</b>	<b>(19,473)</b>	<b>2,058</b>	<b>(2,475)</b>	<b>172,332</b>	<b>-</b>	<b>200,922</b>
<u>1Q2019</u>								
<b>REVENUE</b>								
External revenue	793,493	164,079	127,446	34,734	12,653	23,981	-	1,156,386
Inter-segment sales	32,808	416	-	64	280	112	(33,680)	-
<b>Total revenue</b>	<b>826,301</b>	<b>164,495</b>	<b>127,446</b>	<b>34,798</b>	<b>12,933</b>	<b>24,093</b>	<b>(33,680)</b>	<b>1,156,386</b>
<b>RESULTS</b>								
Segment results	43,480	2,970	15,313	2,081	2,410	10,062	-	76,316
Share of results of associates	16,501	(1,313)	2,461	1,804	405	193,542	-	213,400
Share of results of joint venture	-	-	-	204	-	-	-	204
Unallocated corporate expenses	-	-	-	-	-	-	-	(10,058)
<b>Profit before taxation</b>	<b>59,981</b>	<b>1,657</b>	<b>17,774</b>	<b>4,089</b>	<b>2,815</b>	<b>203,604</b>	<b>-</b>	<b>279,862</b>
<b>Variance</b>								
Revenue (%)	-2%	-3%	-39%	-8%	0%	-38%	-15%	-8%
Profit before tax (%)	-9%	->100%	->100%	-50%	->100%	-15%	0%	-28%

### **Group performance review**

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

### **Grains and agribusiness**

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

### **Consumer products**

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

### **Film exhibition and distribution**

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

### **Environmental engineering and utilities**

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

### **Property**

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

### **Other operations**

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

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

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

## **B3. Prospects**

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

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

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

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

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

The *Environmental engineering and utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities.

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

On the back of a challenging operating environment which will affect the *Film exhibition and distribution* and *Property* segments, the Group's other main business segments are expected to perform satisfactorily. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before taxation**

	1st Quarter ended 31-Mar-20 RM'000
Profit before taxation was stated after charging/(crediting):	
Interest income and income from short-term fund placements	(11,001)
Dividend income	(58)
Net fair value gain on derivatives	(7,878)
Net foreign exchange loss	26,284
Allowance for doubtful debts and receivables written off	311
Depreciation and amortisation	47,473
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**B6. Tax expense**

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

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

**B7. Status of corporate proposals**

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

**B8. Group borrowings**

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

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

**B9. Derivative financial instruments**

(a) Derivative financial assets and financial liabilities

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

All contracts will mature within one year.

Futures and options contracts

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

Forward foreign currency contracts

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

There have been no significant changes since the end of the previous financial year ended 31 December 2019 in respect of the following:

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

(b) Fair value changes of financial instruments

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

For 1Q2020, net fair value loss on derivative financial instruments amounted to RM4.1 million (1Q2019: RM2.4 million gain).

**B10. Material litigation**

There was no material litigation as at 22 May 2020.

**B11. Dividends**

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

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

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

**B12. Earnings per share**

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

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

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

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

**Kuala Lumpur**  
**29 May 2020**

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