



PPB GROUP BERHAD

INVESTOR UPDATE

QUARTERLY REPORT
2016

3RD





FROM THE DESK OF THE CHAIRMAN

Dear Shareholders,

RESULTS FOR THE 9 MONTHS OF 2016

We are pleased to announce that PPB Group revenue increased by 7% to RM3.2 billion for the nine months of 2016 primarily driven by higher revenue from the grains and agribusiness, film exhibition and distribution, and consumer products segments.

Overall Group profit before tax was lower at RM685 million compared with RM802 million in the same period last year despite better results from the grains and agribusiness, film exhibition and distribution and property segments, as the group profit was moderated by lower profit contribution from Wilmar. The consumer products, investments and other operations, as well as environmental engineering and utilities segments contributed lower results for the period under review.

Profit for the period under review decreased to RM601.5 million compared with RM720.7 million in 2015. Accordingly, earnings per share for the period ended 30 September 2016 declined to 46.31 sen compared with 59.91 sen achieved in the same period last year.

PROSPECTS FOR THE CURRENT YEAR

The grains and agribusiness segment continues to be competitive with moderate revenue growth expected for the final quarter of the year, underpinned by seasonal increase in demand in both the domestic and overseas markets. It remains challenging for the consumer products segment amidst cautious consumer spending and uncertainties with the current economic environment. Better movie line-up in the last quarter will benefit the film exhibition and distribution business. The environmental engineering and utilities segment will deliver lower revenue from the current on-going projects. The property segment is affected by lower property sales and occupancy rates of investment properties due to weak property and retail market sentiments.

While the Group's main business segments are largely expected to perform well in 2016, the overall consolidated financial results for the year will continue to be substantially supported by Wilmar's business performance.

HAPPENINGS

On 18 July 2016, Golden Screen Cinemas Sdn Bhd (GSC), a 100%-owned subsidiary of PPB, participated in a signing ceremony hosted by Ekovest Berhad, the owner of EkoCheras Mall in Cheras, Kuala Lumpur. GSC will be setting up an 8-screen cinema at EkoCheras Mall which will complement our existing 4-screen cinema at Cheras LeisureMall.

On 29 July 2016, GSC's flagship cinema at Mid Valley opened 4 new screens after major renovations; it now has a total of 21 screens at that location.

From The Desk Of The Chairman (Cont'd)

GSC received the Gold Award in the Putra Brand Awards 2016 on 17 August 2016 as the best brand in the Entertainment category. This is the third consecutive year that GSC has been honoured with the Gold Award.

PPB's 80%-subsidiary, FFM Berhad (FFM), launched its corporate website, www.ffmb.com.my on 21 July 2016, together with several other FFM product websites.

FFM Farms Sdn Bhd, a 100%-owned subsidiary of FFM, has embarked on a RM13.3 million project to increase the efficiency of its layer farm in Trong, Perak by improving the farm layout and design, as well as upgrading its caging and egg collection systems.

On 19 September 2016, FFM entered into a Subscription and Purchase Agreement (SPA) with BRF Foods GmbH (BRF Foods) whereby BRF Foods would acquire 70% equity interest in FFM Further Processing Sdn Bhd (FFMFP), a wholly-owned subsidiary of FFM. The SPA was completed on 4 October 2016 and FFMFP is now a 30%-owned associate of FFM. The collaboration enables both FFM and BRF Foods to cooperate to expand FFM group's food processing business via FFMFP. BRF Foods, the world largest poultry meat exporter, aims to enhance its presence in Southeast Asia and strengthen its focus in Muslim markets.

On 26 July 2016, PPB conducted a full day in-house directors' training session which was attended by more than a hundred directors, senior managers and officers of PPB group companies and affiliates. The content comprised subjects which are topical and relevant to the Group, and aims to keep directors and management abreast with market and regulatory developments, as well as other subjects of interest. PPB also held its second Press and Analyst Briefing on 30 August 2016 to review the first half results for 2016 and other developments in the Group.

CSR ACTIVITIES

During the quarter under review, PPB Group organised/participated in several corporate social responsibility (CSR) activities, amongst them are :-

- Hari Raya celebration with the residents of Persatuan Pemulihan Orang-orang Cacat Selangor & Wilayah Persekutuan in Taman Kanagapuram, Petaling Jaya.
- A children's fire safety programme in collaboration with the Malaysian Volunteer Fire and Rescue Association (MVFRA) to educate the younger generation on fire safety.

- A blood donation campaign jointly organised with Astro at Cheras LeisureMall.
- PPB donated school shoes and uniforms to 1,413 students from 15 primary schools in Asahan, Melaka under our "Back the School" project.
- GSC hosted a special screening of the "Shark Girl" documentary in collaboration with the Malaysian Nature Society to raise awareness of shark conservation under the My Fin My Life campaign.
- A team-building workshop for PPB staff to build dynamic teams and team leaders.

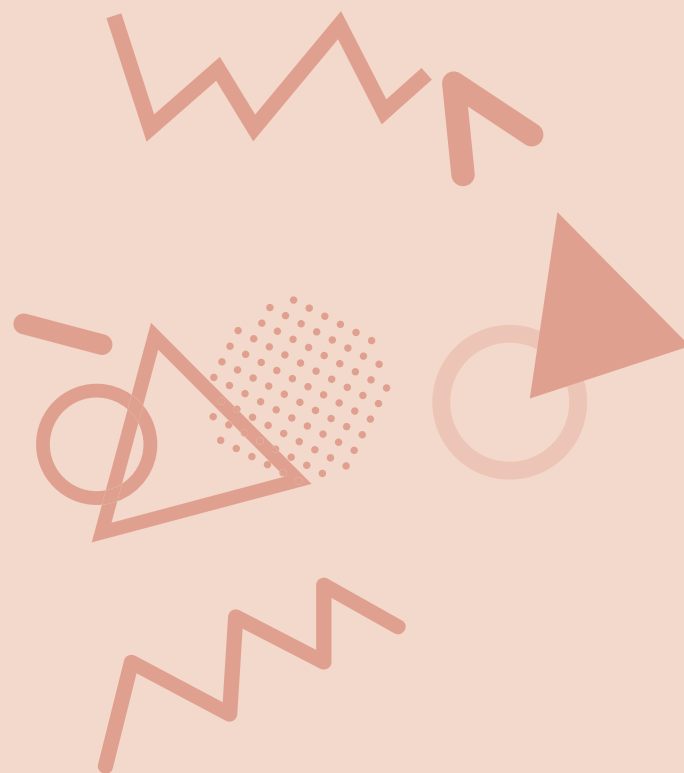
GREETINGS

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

Tan Sri Datuk Oh Siew Nam

Chairman

5 December 2016





EKOCHERAS SIGNING CEREMONY

On 18 July 2016, Golden Screen Cinemas Sdn Bhd (GSC) participated in a signing ceremony between the owner and major tenants of the upcoming EkoCheras Mall in Cheras, Kuala Lumpur. The event was hosted by Ekovest Berhad, the owners of the mall.

GSC will set up an 8-screen cinema at EkoCheras Mall which will complement the existing 4-screen cinema in Cheras LeisureMall, bringing a total of 12 screens to cater to cinema-goers in Cheras and surrounding areas. The new cinema is expected to open in 2018.





EXPANSION OF GSC MID VALLEY

GSC Mid Valley, the flagship cinema of Golden Screen Cinemas, undertook a major renovation and expansion programme with an additional 4 screens making a total of 21. The 4 new screens were opened to the public on 29 July 2016.

Following the renovation, Hall 18 has become the biggest hall with a total seating capacity of 227, and is linked directly to a

brand new event foyer which can cater for corporate and private events for up to 300 persons. Hall 18 is also THX-certified and equipped with 36 D-BOX motion seats.

The entrance, concession and box office originally at Level 3 are now at Level 4. The renovation has given GSC Mid Valley a fresher and more contemporary look.

PUTRA BRAND AWARDS



Golden Screen Cinemas Sdn Bhd (GSC), Malaysia’s leading cinema exhibitor, received the Gold Award in the Entertainment category for the third consecutive year at the Putra Brand Awards 2016. The awards night was held at The Majestic Hotel, Kuala Lumpur on 17 August 2016.

GSC constantly strives to meet diversified customer needs to deliver the brand promise of providing total movie entertainment in the best halls with the best customer service. The brand places significant focus on the quality of the customer’s experience at all touch points. This includes all platforms, from print and digital to on-ground events.

Putra Brand Awards is the premier brand award in Malaysia and is the only award of, by and for brand managers and owners. Conceived in 2010 by the Association of Accredited Advertising Agents Malaysia (4As) in association with the Malaysia’s Most Valuable Brands (MMVB), Putra Brand Awards 2016 is the 7th in the series to recognise brand-building as an integral business investment, measured by consumer preference.

EXPANSION OF FFM FURTHER PROCESSING SDN BHD

On 19 September 2016, FFM Berhad (FFM) entered into a Subscription and Purchase Agreement (SPA) with BRF Foods GmbH (BRF Foods) whereby BRF Foods would acquire (via subscription and purchase) 70% equity interest in FFM Further Processing (FFMFP), a wholly-owned subsidiary of FFM. The SPA was completed on 4 October 2016 and FFMFP is now a 30%-associate of FFM.

The collaboration will enable both FFM and BRF Foods to expand FFM group's food processing business via FFMFP. BRF Foods will contribute its expertise and knowledge of the global food processing industry, and FFM will contribute its knowledge of the Malaysian market, to expand the food processing business.

BRF Foods is a limited liability company incorporated under Austrian law in 2014. It is indirectly owned by BRF SA (NYSE : BRFS). The principal activities of BRF Foods are industrialisation services and toll manufacturing of processed food products.



FFM Farms Sdn Bhd (FFM Farms), a 100% subsidiary of PPB Group, engaged in livestock farming has embarked on a RM13.13 million project to increase the efficiency of its layer farm in Trong by improving the farm layout and design as well as upgrading its caging system and egg collection system.

The project will be carried out in phases and is expected to be completed in 2018.

The layer farm located in Trong, Perak has a monthly production capacity of 19 million eggs and is sited within a 222-hectare oil palm plantation. The farm produces "Seri Murni Fresh Eggs".

UPGRADING AND EXPANSION OF FFM FARMS' LAYER FARM IN TRONG, PERAK



FFM LAUNCHES ITS CORPORATE WEBSITES

FFM Berhad, an 80%-subsidiary of PPB, launched its corporate websites at the PJ Hilton Hotel, Petaling Jaya on 21 July 2016. The event was well-attended by the FFM Group managers and officiated by its Managing Director, Datuk Ong Hung Hock.

The highlight was the screening of a corporate video depicting the various business activities of the FFM Berhad Group. Management also presented the five newly-developed websites as follows :

- FFM Berhad – www.ffmb.com.my
- Massimo – www.massimo.com.my
- Marina – www.marina.com.my
- Seri Murni – www.serimurni.com.my
- Kart's – www.kartfood.com.my



DIRECTORS' TRAINING

PPB conducted its annual in-house directors' training programme on 26 July 2016 which was attended by over 100 participants comprising directors, senior managers and officers of PPB group companies and affiliates.

The first session entitled "Malaysia : Navigating the Shifting Tides" was delivered by Mr Lee Heng Guie, an independent economist. Mr Lee provided an overview of global economic issues and updates on the financial and economic fronts, and in particular how Malaysia would withstand the external uncertainties.

The next topic on sustainability practices and reporting was presented by Ms Rikke Netterstrom, the Managing Director of Helikon Advisory Sdn Bhd. Ms Netterstrom's presentation included the what's and why's of sustainability practices, and the reporting requirements introduced by Bursa Malaysia for listed companies.

The programme continued after lunch with a presentation on the new Companies Bill 2015 by Mr Philip Koh, Senior Partner of Mah-Kamariyah & Philip Koh. Mr Koh briefed the participants on the key changes and pertinent areas in the new Bill, and included a refresher on directors' duties and responsibilities.

The last item for the day was a talk entitled "Healthy Aging in the 21st Century" by Dato' Dr Rajbans Singh, a consultant physician and geriatrician at the Beacon & Pantai Hospitals. Dato' Rajbans shared with the participants the increasing prevalence of lifestyle and metabolic diseases, the advances in science and technology, and gave useful tips on how to age well.





PRESS AND ANALYST BRIEFING

PPB held its second and final Press and Analyst Briefing for the year on 30 August 2016 at the Shangri-La Hotel, Kuala Lumpur to review the half-year financial results for 2016, and the latest developments in the Group. More than 60 analysts and fund managers from various local research houses and securities firms, as well as representatives from the local press attended the briefing.

Senior management of the core operations were at hand to answer questions leading to an active and informative Q&A session. A separate press conference was held later followed by lunch.





**HARI RAYA CELEBRATION WITH
THE RESIDENTS OF PERSATUAN
PEMULIHAN ORANG-ORANG
CACAT SELANGOR & WILAYAH
PERSEKUTUAN**

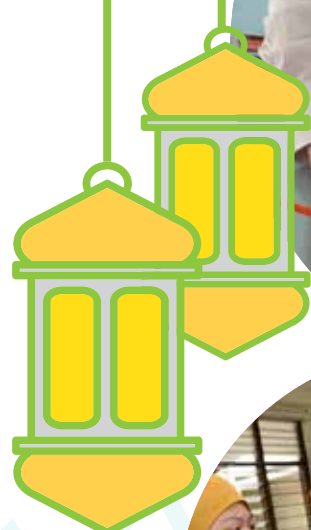


In conjunction with the Hari Raya celebrations, PPB visited the residents of Persatuan Pemulihan Orang-orang Cacat Selangor & Wilayah Persekutuan (PPOC) in Taman Kanagapuram, Petaling Jaya on 21 July 2016.

During the visit, PPB staff played fun games with the residents, followed by a buffet lunch. Thereafter, the residents participated enthusiastically in a colouring session.

PPB contributed a unit each of fabric-cutting machine, facsimile and colour printer, and also donated FFM products and groceries. The visit enabled PPB staff to interact with the residents, and the event ended with the distribution of goodie bags to them.

PPOC was established in 1988 to accommodate the disabled while they participate in rehabilitation programmes to help them develop and achieve their maximum potential, in order to earn a living and improve their quality of life. PPOC currently has 30 residents aged 20 to 54 of which 15 are employed by corporations such as Pizza Hut and TM Call Centre. The others work in the in-house workshop and are paid allowances. PPOC is supported by public funds and the residents pay RM50 a month for accommodation and food.



CHILDREN FIRE SAFETY PROGRAM



In collaboration with the Malaysian Volunteer Fire and Rescue Association (MVFRA), Cheras LeisureMall, organised a Fire Kids Club Safety Workshop at its Lower Ground Floor Concourse on 23 July 2016, to educate the younger generation on fire safety. Cheras LeisureMall is a shopping complex owned and managed by PPB.

About 150 children aged 5 to 11 were given a hands-on approach to real-life scenarios and taught how to react during an emergency situation. The 4-hour programme conducted by MVFRA featured several educational tracks that included Stop, Drop and Roll, Crawl Low in Smoke, Fireman Drag, Save A Cat, Padlock Escape, Scream Tunnel and Fire Engine Ride.

The children also had a chance to experience being a fireman by wearing the firefighter's suit, helmet and gear. At the end of the workshop, the children were presented certificates of attendance and souvenirs.

NATIONAL DAY CELEBRATION AT CHERAS LEISUREMALL



The spirit of patriotism soared artistically at Cheras LeisureMall (CLM) to celebrate our National Day. Two 70-foot long Merdeka-inspired murals depicting the beauty of our country as a multi-cultural nation were on display at the CLM link bridge for public viewing over a 4-week period.

Conceptualised and produced by 60 young artists from the Dasein Academy of Art, it took the young talents a month to ideate and sketch, and subsequently complete the work on canvas at the mall's concourse from 16 to 19 August 2016.

STANDARD CHARTERED KL MARATHON 2016



On 7 August 2016, 11 PPB staff participated in the Standard Chartered KL Marathon 2016, which was flagged off and ended at Dataran Merdeka. Whilst most of the staff participated in the 5-km Fun Run and 10-km Run, one staff participated in the half marathon. All had a great time and completed their respective runs within the allocated times.

The marathon which is held annually, attracted more than 30,000 runners this year. The route passes several landmarks such as the Petronas Twin Towers, National Monument, National Mosque, Parliament building, National Palace, Little India and other places of interest.

The staff is encouraged to participate in organised runs and exercise regularly for better health and fitness.



“BACK TO SCHOOL” PROJECT

CSR Activities



As part of PPB's corporate social responsibility activities for the community, PPB has been distributing school shoes and uniforms annually to school children from poor families since 2010 under its "Back to School" project. This project aims to meet the basic needs of underprivileged school-going children.

This year, PPB carried out the "Back to School" project in Asahan, Jasin District, Melaka reaching out to 1,413 students from 15 primary schools. To date, more than 10,000 primary schoolchildren from underprivileged homes have benefited from this project.



ASTRO KITASAMA BLOOD DONATION DRIVE 2016



With the objective of raising awareness on the importance of donating blood to save lives, Astro in collaboration with PPB, organised the KitaSama Blood Donation Drive on 3 and 4 September 2016 at Cheras LeisureMall.

The event drew positive response with 674 packs of blood collected.





MY FIN MY LIFE

Two years ago, Golden Screen Cinemas Sdn Bhd (GSC) participated in the "I'm FINished with Fins" corporate pledge. To continue its support for shark conservation, GSC hosted a special screening of a documentary entitled "Shark Girl" in collaboration with the Malaysian Nature Society (MNS). The special screening which was held on 10 September 2016 at GSC NU Sentral was a culmination of MNS's 7-month involvement in the My Fin My Life campaign initiated by WWF-Malaysia.

Sharks are slow-growing, and take many years to mature and give birth to a few young. Sharks are also at high risk of over-exploitation; at least 100 million sharks are killed every year. They are sought for their fins, meat, leather, liver oil and cartilage. Malaysia is ranked as the world's 9th largest producer of shark products and 3rd largest importer in terms of volume.



The My Fin My Life campaign aims to raise awareness of shark conservation. Without sharks, the health of the ocean ecosystem would completely change. Save the sharks before it's too late!

CHILDREN'S MID-AUTUMN FESTIVAL DRAWING CONTEST



Cheras LeisureMall celebrated the Mid-Autumn Festival this year with some 300 pieces of fascinating artworks created by children of ages 10 to 12 through a Children's Mid-Autumn Drawing Contest held at the participating schools in July 2016. Showcasing the participants' artistic talent and ideas, these artworks were then incorporated into the mall's festive decorations, adding a childlike imagination to the festivities.

On 17 September 2016, the participants and their family members were invited to attend the prize presentation ceremony at Cheras LeisureMall. They were treated to a fun-filled day of activities featuring game booths, dance performance and light refreshments. The entries were judged based on neatness, creativity, colour combination and overall presentation.

There were four award categories for the contest, the Best of School Award, Top 180 Excellence Award, Top 20 Special Judges' Award, and Top 20 People's Choice Award. The four winners of the Best of School Award walked away with RM250 Cheras LeisureMall cash shopping vouchers each, while the winners of the other three categories took home RM100 and RM50 Cheras LeisureMall cash shopping vouchers respectively.





NKF World Kidney Day

HEALTH & ENVIRONMENTAL AWARENESS CAMPAIGNS



Cheras LeisureMall was the venue provider for two awareness campaigns in September.

In conjunction with World Kidney Day, the National Kidney Foundation of Malaysia (NKF) organised a public engagement event at Cravings Lane, Cheras LeisureMall from 7 to 11 September 2016, to raise public awareness of kidney disease and early detection.

Greenpeace Southeast Asia organised a “Stop The Haze Campaign” also at Cravings Lane, Cheras LeisureMall from 14-18 September 2016, with the aim of raising public awareness of forest and peat fires which are emerging as a global threat and driving a public health emergency in Southeast Asia. The campaign also showcased ways to work towards zero haze in Malaysia.

Stop The Haze Campaign



CSR Activities



PPB employees attended a 2-day 1-night weekend team-building workshop at Avani Sepang Goldcoast Resort in early-September. The aim of the workshop was to build dynamic teams and team leaders. Various interactive indoor and outdoor activities were organised to strengthen the existing teamwork by building stronger inter-departmental communication and trust; motivate and build team synergies; and manage conflicts and team changes.

At the end of the workshop, employees took away knowledge and skills to nurture, build and guide each other to achieve greater teamwork and organisational effectiveness.



PPB TEAM BUILDING 2016

FBM KLCI DECLINED MARGINALLY DURING THE QUARTER

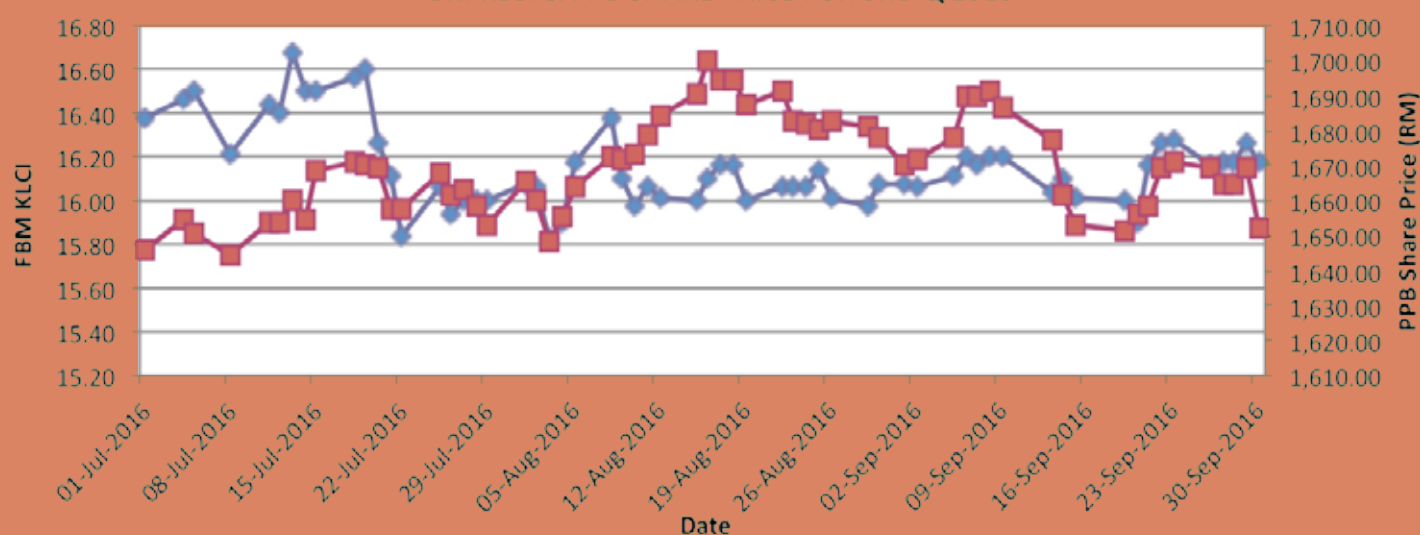
During the third quarter of 2016, the FBM KLCI declined marginally by 0.1% to close at 1,652.6 points at end-September (end-June 2016: 1,654.1 points). During the first half of the quarter, the index was on an increasing trend driven by strong buying by non-resident investors as investor concerns over the negative impact of the EU referendum in the UK subsided along with increased expectations of additional monetary easing and fiscal stimulus measures by key advanced economies. The improvement in global oil prices, particularly in mid-August, also supported sentiments in the equity market. The gain in the index was subsequently offset in the second half of the quarter as equity markets across the region were affected by uncertainties over the timing of US interest rate normalisation and declining global oil prices. Overall, market capitalisation increased to RM1.69 trillion as at end-September 2016 (end-June 2016: RM1.66 trillion) while the daily average turnover increased to 1.87 billion units (2Q 2016: 1.77 billion units) during the quarter. On 9 November 2016, the KLCI ended lower at 1647.6 points (since end-September 2016: -0.3%), with a market capitalisation of RM1.68 trillion (since end-September 2016: -0.6%).

[Source : Bank Negara Malaysia website]

PPB's share price closed lower at RM16.18 compared with RM16.50 in the preceding quarter, and market capitalisation decreased to RM19,181.39 million. The average daily volume of PPB shares traded during the quarter increased by 16.9% to 636,843 shares.

PPB Share Price & FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) Performance For 3rd Q 2016

	3rd Q 2016	2nd Q 2016	% change
PPB share price (RM)			
Closing price (high)	16.68	16.74	-0.36%
Closing price (low)	15.82	15.58	1.54%
Month end closing price	16.18	16.50	-1.94%
Weighted share price	16.13	16.14	-0.10%
Market capitalisation (RM' million)	19,181.39	19,560.75	-1.94%
PPB share trading volume (Number of shares)			
Daily volume (high)	1,769,300	1,476,600	19.82%
Daily volume (low)	136,700	151,100	-9.53%
Average daily volume	636,843	544,976	16.86%
FBM KLCI			
FBM KLCI closing (high)	1,699.89	1,727.99	-1.63%
FBM KLCI closing (low)	1,644.54	1,614.90	1.84%
FBM KLCI quarter end closing	1,652.55	1,654.08	-0.09%
FBM KLCI volume (Number of shares)			
Daily volume (high)	205,489,900	834,202,800	-75.37%
Daily volume (low)	51,776,500	84,522,100	-38.74%
Average daily volume	119,644,033	149,861,724	-20.16%

FBM KLCI & PPB SHARE PRICE FOR 3RD Q 2016


—●— PPB Close —■— FBM KLCI

Group Financial Highlights

For The 3rd Quarter Of 2016
(The figures have not been audited)

Financial period/year ended (All figures in RM million)	9 months		Change %	12 months
	30.9.16	30.9.15		31.12.15
INCOME STATEMENT				
Revenue	3,163	2,958	6.9	4,048
Profit before tax	684	802	(14.7)	1,181
Profit for the period/year	601	721	(16.6)	1,076
Profit attributable to owners of the parent	549	710	(22.7)	1,051
STATEMENT OF FINANCIAL POSITION				
Non-current assets	18,365	19,079	(3.7)	18,988
<u>Current assets</u>				
Cash, bank balances, deposits and short-term fund placements	1,228	1,111	10.5	1,196
Others	1,672	1,670	0.1	1,742
Total current assets	2,900	2,781	4.3	2,938
Total assets	21,265	21,860	(2.7)	21,926
<u>Equity</u>				
Share capital	1,186	1,186	0.0	1,186
Reserves	18,310	18,864	(2.9)	18,731
Equity attributable to owners of the parent	19,496	20,050	(2.8)	19,917
Non-controlling interests	677	636	6.4	636
Total equity	20,173	20,686	(2.5)	20,553
<u>Non-current liabilities</u>				
Long-term bank borrowings	75	130	(42.3)	111
Deferred tax liabilities	97	93	4.3	97
Total non-current liabilities	172	223	(22.9)	208
<u>Current liabilities</u>				
Short-term bank borrowings	519	490	5.9	616
Others	401	461	(13.0)	549
Total current liabilities	920	951	(3.3)	1,165
Total liabilities	1,092	1,174	(7.0)	1,373
Total equity and liabilities	21,265	21,860	(2.7)	21,926

Group Financial Highlights

For The 3rd Quarter Of 2016
(The figures have not been audited)

Financial period/year ended (All figures in RM million)	9 months		12 months	
	30.9.16	30.9.15	31.12.15	
RATIOS				
Return on equity attributable to owners of the parent	(%)	2.8	3.5	5.3
Earnings per share	(sen)	46.3	59.9	88.7
Interest coverage	(times)	37.0	37.5	40.4
Current ratio	(times)	3.2	2.9	2.5
Total borrowings/Equity	(%)	2.9	3.0	3.5
Long-term borrowings/Equity	(%)	0.4	0.6	0.5
Net assets per share attributable to owners of the parent	(RM)	16.4	16.9	16.8
Net dividend per share	(sen)	8.0	8.0	25.0
STOCK MARKET INFORMATION				
Share price	(RM)	16.18	15.42	15.90
Market capitalisation	(RM million)	19,189	18,288	18,857
PE ratio	(times)	26.2	19.3	17.9

JULY 2016

- 20** PPB released an announcement referring to a profit warning announcement by Wilmar International Limited (“Wilmar”), an 18.55%-associate of PPB, to the Singapore Exchange Securities Trading Limited, for the 2nd quarter ended 30 June 2016.

AUGUST 2016

- 15** PPB announced that the quarterly report for the 2nd quarter ended 30 June 2016 would be released on 25 August 2016.

- 25**
- Release of PPB’s quarterly report for the 2nd quarter ended 30 June 2016.
 - PPB announced the amount of financial assistance provided by a subsidiary of PPB for the quarter ended 30 June 2016.
 - PPB Board declared the payment of an interim single tier dividend of 8 sen per share for financial year ending 31 December 2016.

The interim dividend was paid on 28 September 2016 to shareholders appearing in the Record of Depositors at the close of business on 9 September 2016.



SEPTEMBER 2016

- 01**
- PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Peakland Property Management Sdn Bhd (“Peakland”) for a total cash consideration of RM2. Arising therefrom, Peakland has become a wholly-owned subsidiary of PPB.
 - PPB announced the commencement of a members’ voluntary winding up of Kembang Developments Sdn Bhd, an indirect 100%-owned subsidiary of PPB.
- 09**
- FFM Berhad, an 80%-owned subsidiary of PPB entered into a subscription and purchase agreement with BRF Foods GmbH (“BRF Foods”) dated 9 September 2016, whereby BRF Foods would acquire (via subscription and purchase) 70% equity interest in FFM Further Processing Sdn Bhd, then a 100%-subsidiary of FFM.
- 13**
- PPB released an announcement to clarify a media report on a possible transaction regarding PPB group’s cinema operations under Golden Screen Cinemas Sdn Bhd.
- 20**
- PPB announced that CWM Group Sdn Bhd, a 100%-owned indirect subsidiary of PPB held via Chemquest Sdn Bhd acquired the entire issued and paid-up share capital comprising 10,000 ordinary shares of RM1 each in Dinamik Cemerlang Sdn Bhd, for a cash consideration of RM1.9 million.
- 30**
- PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Mediamore Sdn Bhd (“MSB”) for a total cash consideration of RM2. Arising therefrom, MSB has become an indirect 100%-owned subsidiary of PPB.



Quarterly Report

Condensed Consolidated Income Statements For The Period Ended 30 September 2016

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	983,726	994,709	3,162,931	2,957,714
Operating expenses	(902,810)	(937,269)	(2,973,009)	(2,815,812)
Other operating income	32,963	72,697	146,775	167,087
Share of net profits less losses of associates	319,602	211,691	363,205	510,265
Share of profit of joint venture	1,394	1,683	3,414	4,748
Finance costs	(5,150)	(6,617)	(19,031)	(21,628)
Profit before tax	429,725	336,894	684,285	802,374
Tax expense	(28,274)	(33,895)	(82,824)	(81,694)
Profit for the period	401,451	302,999	601,461	720,680
Attributable to :				
Owners of the parent	381,445	294,739	548,965	710,290
Non-controlling interests	20,006	8,260	52,496	10,390
Profit for the period	401,451	302,999	601,461	720,680
Basic earnings per share (sen)	32.18	24.86	46.31	59.91

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

Condensed Consolidated Statements Of Comprehensive Income For The Period Ended 30 September 2016

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period	401,451	302,999	601,461	720,680
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Foreign exchange differences arising during the year:				
- Exchange differences on translation of foreign operations	484,633	2,563,096	(605,599)	3,658,430
- Reclassification adjustments to profit or loss upon liquidation of a subsidiary	-	(5,285)	-	(5,285)
Fair value of available-for-sale financial assets :-				
- Gains/(Losses) arising during the period	39,312	(108,950)	22,821	(98,433)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	-	-	(794)
Share of associates' other comprehensive loss	(30,750)	(519,339)	(114,726)	(715,026)
Total comprehensive income/(loss)	894,646	2,232,521	(96,043)	3,559,572
Attributable to :				
Owners of the parent	865,757	2,193,076	(141,936)	3,501,937
Non-controlling interests	28,889	39,445	45,893	57,635
Total comprehensive income/(loss)	894,646	2,232,521	(96,043)	3,559,572

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

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Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,293,683	1,356,671
Investment properties	192,976	195,831
Biological assets	3,369	3,364
Goodwill	73,746	73,746
Other intangible assets	2,488	2,962
Land held for property development	87,888	41,645
Investments in associates	16,196,631	16,813,778
Investment in joint venture	63,234	66,934
Other investments	449,804	427,198
Deferred tax assets	990	5,644
	18,364,809	18,987,773
Current Assets		
Inventories	637,499	682,210
Biological assets	19,189	20,769
Other intangible assets	14,957	12,175
Property development costs	3,957	4,964
Receivables	926,064	998,277
Derivative financial instruments	2,189	14,229
Cash, bank balances, deposits and short-term fund placements	1,228,467	1,196,343
	2,832,322	2,928,967
Non-current assets classified as held for sale	67,945	8,734
	2,900,267	2,937,701
TOTAL ASSETS	21,265,076	21,925,474
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	18,310,789	18,731,477
Equity attributable to owners of the parent	19,496,289	19,916,977
Non-controlling interests	676,970	635,594
Total equity	20,173,259	20,552,571

Condensed Consolidated Statements Of Financial Position (Cont'd)

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
Non-current Liabilities		
Long-term borrowings	75,394	111,170
Deferred tax liabilities	96,531	97,225
	171,925	208,395
Current Liabilities		
Payables	359,129	528,992
Derivative financial instruments	73	4,709
Short-term borrowings	518,862	615,707
Current tax liabilities	37,890	15,100
	915,954	1,164,508
Liabilities associated with non-current assets held for sale	3,938	-
	919,892	1,164,508
Total liabilities	1,091,817	1,372,903
TOTAL EQUITY AND LIABILITIES	21,265,076	21,925,474
Net assets per share attributable to owners of the parent (RM)	16.45	16.80

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

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Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2016

	Non-distributable						Distributable			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000		
9 months ended 30 September 2016											
At 1 January 2016	1,185,500	6,715	40,477	2,729,110	(3,729)	(11,516)	165,798	15,804,622	19,916,977	635,594	20,552,571
Total comprehensive (loss)/income	-	-	-	(671,374)	22,821	(26,472)	(15,876)	548,965	(141,936)	45,893	(96,043)
Transfer of reserves	-	-	(861)	-	-	-	5,599	(4,454)	284	(284)	-
Issue of shares to a non-controlling interest	-	-	-	-	-	-	-	-	-	7,873	7,873
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	5,569	5,569	(7,118)	(1,549)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(463)	(463)
Changes in equity interest in an associate	-	-	-	-	-	-	-	11,770	11,770	-	11,770
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(4,525)	(300,900)
At 30 September 2016	1,185,500	6,715	39,616	2,057,736	19,092	(37,988)	155,521	16,070,097	19,496,289	676,970	20,173,259
9 months ended 30 September 2015											
At 1 January 2015	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
Total comprehensive income/(loss)	-	-	-	3,073,081	(98,827)	(106,793)	(75,814)	710,290	3,501,937	57,635	3,559,572
Transfer of reserves	-	-	(321)	-	-	-	(31,848)	32,169	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	160	160	(6,685)	(6,525)
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	28,577	28,577
Return of capital by a subsidiary	-	-	-	-	-	-	-	-	-	(2,495)	(2,495)
Changes in equity interest in an associate	-	-	-	-	-	-	-	11,948	11,948	-	11,948
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(1,711)	(286,231)
At 30 September 2015	1,185,500	6,715	44,347	3,331,900	(9,201)	(29,896)	161,316	15,359,357	20,050,038	636,124	20,686,162

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

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Condensed Consolidated Statement Of Cash Flows For The Period Ended 30 September 2016

	9 months ended 30 September	
	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	684,285	802,374
Adjustments :		
Non-cash items	(247,854)	(443,187)
Non-operating items	(18,179)	(13,270)
Operating profit before working capital changes	418,252	345,917
Working capital changes :-		
Net change in current assets	69,059	5,052
Net change in current liabilities	(166,233)	(49,014)
Cash generated from operations	321,078	301,955
Tax paid	(55,533)	(65,615)
Net cash generated from operating activities	265,545	236,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(98,252)	(150,772)
Proceeds from disposal of property, plant and equipment and investment properties	25,197	5,802
Purchase of investments	(4,399)	(19,003)
Dividends received	290,413	271,692
Income from short-term fund placements	14,618	11,957
Interest received	14,161	12,839
Advances to associates	(44,004)	(39,312)
Distribution of profits from joint venture	3,578	4,360
Other investing activities	4,056	4,086
Net cash generated from investing activities	205,368	101,649

**Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 September 2016 (Cont'd)**

	9 months ended 30 September	
	2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(124,615)	15,572
Interest paid	(19,135)	(22,670)
Dividends paid	(300,900)	(286,231)
Shares issued to non-controlling interest of a subsidiary	7,873	-
Return of capital to non-controlling interest of a subsidiary	-	(2,495)
Repayment to non-controlling interest of a subsidiary	-	(31,997)
Net cash used in financing activities	(436,777)	(327,821)
Net increase in cash and cash equivalents	34,136	10,168
Cash and cash equivalents brought forward	1,196,309	1,079,040
Effect of exchange rate changes	(3,000)	20,162
Cash and cash equivalents carried forward	1,227,445	1,109,370
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	276,854	214,534
Bank deposits	319,379	465,546
Short-term fund placements	632,234	431,288
Bank overdrafts	(1,022)	(1,998)
	1,227,445	1,109,370

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

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Notes

A. Financial Reporting Standard (FRS) 134 - Paragraph 16

A1. Accounting policies

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 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 2015 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2016 :

Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012 - 2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative

The adoption of the above Amendments to FRSs does not have any significant financial impact on the Group.

A2. Seasonality or Cyclicity of Interim Operations

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

A3. Unusual items affecting assets, liabilities, equity, net income or cash flow

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current financial period to-date under review.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the prior 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

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2015 : Final single tier dividend - 17 sen per share	-	201,535
FY2016 : Interim single tier dividend - 8 sen per share	94,840	94,840
	94,840	296,375

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Notes (Cont'd)

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 2016 is as follows :

Business segments: All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
REVENUE									
External revenue	2,057,058	465,425	366,856	149,253	42,242	4,706	77,391	-	3,162,931
Inter-segment sales	86,906	1,367	-	-	1,483	-	25,391	(115,147)	-
Total revenue	2,143,964	466,792	366,856	149,253	43,725	4,706	102,782	(115,147)	3,162,931
RESULTS									
Segment results	204,932	12,347	57,684	6,517	27,146	4,762	8,357	-	321,745
Share of associates' profits less losses	34,070	(371)	9,431	4,954	10,945	-	304,176	-	363,205
Share of joint venture's profit	-	-	-	3,414	-	-	-	-	3,414
Interest income									13,413
Income from short-term fund placements									15,291
Finance costs									(19,031)
Unallocated corporate expenses									(13,752)
Profit before tax									684,285
ASSETS									
Segment assets	2,192,818	511,578	319,707	67,945	364,131	449,804	129,553	(311)	4,035,225
Investments in associates	332,132	1,580	165,880	50,384	185,965	-	15,460,690	-	16,196,631
Investment in joint venture	-	-	-	63,234	-	-	-	-	63,234
Bank deposits and short-term fund placements									951,613
Tax assets									4,874
Other unallocated corporate assets									4,874
Total assets									13,499
									21,265,076

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

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

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Notes (Cont'd)

A9. Changes in the composition of the Group

There were no 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 current interim period and year to-date under review, except for the following :

- a) On 9 May 2016, SES Environmental Services Sdn Bhd and Solar Status Sdn Bhd, both indirect subsidiaries of PPB, entered into a sale and purchase agreement to dispose of their respective 65% and 15% equity interests in AWS Sales and Services Sdn Bhd ("AWS"). Accordingly, AWS has ceased to be a subsidiary of PPB.
- b) On 1 September 2016, PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Peakland Property Management Sdn Bhd ("Peakland") for cash at par. Arising therefrom, Peakland has become a wholly-owned subsidiary of PPB.
- c) On 1 September 2016, Kembang Developments Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- d) On 20 September 2016, CWM Group Sdn Bhd ("CWM"), a 100%-owned indirect subsidiary of PPB held via Chemquest Sdn Bhd, acquired the entire issued and paid-up share capital comprising 10,000 ordinary shares of RM1 each in Dinamik Cemerlang Sdn Bhd ("DCSB") for a total cash consideration of RM1.9 million. DCSB holds 30% equity interest in Cipta Wawasan Maju Engineering Sdn Bhd ("CWME"), an existing 70%-owned indirect subsidiary of PPB held through CWM.

Arising from the above, DCSB and CWME have become 100%-owned indirect subsidiaries of PPB.

- e) On 30 September 2016, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Mediamore Sdn Bhd ("MSB") for cash at par. Arising therefrom, MSB has become an indirect 100%-owned subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

There were no changes in contingent assets and contingent liabilities since the end of the last annual reporting period.

A11. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 September 2016 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	76,146
- not contracted	242,492
	318,638
Other capital commitments	
- contracted	42,257
	360,895

Notes (Cont'd)

A12. Significant related party transactions

Significant related party transactions during the period ended 30 September 2016 were as follows :

	RM'000
Transactions with associates	
- Management fee received/receivable	567
- Film rental received/receivable	553
- Purchase of goods	3,800
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	4,880
Transactions with subsidiaries of an associate	
- Purchase of goods	119,723
- Sales of goods	48,228
- Rental received	2,597
- Project management fees received/receivable	2,432
- Security and other service fees paid/payable	2,914
- Marketing fees received/receivable	1,574
- Supervision fees received/receivable	1,301
- Charter hire of vessels	40,906

B. BMSB Listing Requirements (Part A of Appendix 9B)

B1. Analysis of performance for the financial period to-date

The Group registered a marginal decrease in revenue to RM984 million in 3Q2016 compared with RM995 million in 3Q2015. This was mainly due to lower revenue generated from the *Environmental engineering and utilities, Property* as well as *Investments and Other operations* segments. For 9M2016, Group revenue rose 7% to RM3.2 billion from RM3 billion for 9M2015, primarily driven by higher revenue from the *Grains and agribusiness, Film exhibition and distribution, and Consumer products* segments.

Group segment pre-tax profit increased by 28% to RM430 million in 3Q2016 compared with RM337 million in 3Q2015, largely attributed to higher profit contribution from an associate, Wilmar International Limited ("Wilmar"). For 9M2016, Group segment pre-tax profit was lower at RM685 million compared with RM802 million for 9M2015. Despite better results from the *Grains and agribusiness, Film exhibition and distribution, and Property* segments, Group profit was moderated by lower profit contribution from Wilmar. The *Consumer products, Investments and Other operations* as well as *Environmental engineering and utilities* segments have also contributed lower results for the year to-date under review.

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Notes (Cont'd)

Group financial performance by business segment

	3Q2016	3Q2015	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	687,468	676,327	11,141	2%
Consumer products	152,589	144,076	8,513	6%
Film exhibition and distribution	105,033	103,998	1,035	1%
Environmental engineering and utilities	32,498	55,772	(23,274)	(42%)
Property	11,437	14,461	(3,024)	(21%)
Investments and Other operations	30,992	32,406	(1,414)	(4%)
Elimination	(36,291)	(32,331)	(3,960)	
Total revenue	983,726	994,709	(10,983)	(1%)

	9M2016	9M2015	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	2,143,964	1,963,870	180,094	9%
Consumer products	466,792	445,047	21,745	5%
Film exhibition and distribution	366,856	328,240	38,616	12%
Environmental engineering and utilities	149,253	177,259	(28,006)	(16%)
Property	43,725	44,880	(1,155)	(3%)
Investments and Other operations	107,488	109,889	(2,401)	(2%)
Elimination	(115,147)	(111,471)	(3,676)	
Total revenue	3,162,931	2,957,714	205,217	7%

	3Q2016	3Q2015	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	88,175	88,062	113	0%
Consumer products	4,791	3,526	1,265	36%
Film exhibition and distribution	7,843	13,495	(5,652)	(42%)
Environmental engineering and utilities	779	3,505	(2,726)	(78%)
Property	4,385	7,408	(3,023)	(41%)
Investments and Other operations	2,836	9,006	(6,170)	(69%)
Total segment results	108,809	125,002	(16,193)	(13%)
Share of associates and joint venture's profits less losses	320,996	213,374	107,622	50%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(80)	(1,482)	1,402	95%
Total profit before tax	429,725	336,894	92,831	28%

Notes (Cont'd)

	9M2016	9M2015	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	204,932	187,631	17,301	9%
Consumer products	12,347	15,279	(2,932)	(19%)
Film exhibition and distribution	57,684	50,180	7,504	15%
Environmental engineering and utilities	6,517	8,123	(1,606)	(20%)
Property	27,146	20,324	6,822	34%
Investments and Other operations	13,119	14,925	(1,806)	(12%)
Total segment results	321,745	296,462	25,283	9%
Share of associates and joint venture's profits less losses	366,619	515,013	(148,394)	(29%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(4,079)	(9,101)	5,022	55%
Total profit before tax	684,285	802,374	(118,089)	(15%)

Grains and agribusiness

The segment revenue was up by 2% to RM687 million in 3Q2016 and grew 9% to RM2.1 billion for 9M2016, compared with RM676 million in 3Q2015 and RM2 billion for 9M2015, mainly driven by the higher flour sales volume in Vietnam as well as higher selling prices and sales volume in Indonesia. Improved sales volume and selling prices of day-old-chicks also contributed to the growth in segment revenue.

Grains and agribusiness' profits of RM88 million in 3Q2016 were broadly similar to the same quarter in 2015. For 9M2016, segment profits increased to RM205 million from RM188 million for 9M2015, primarily from higher sales volume and better margin due to increased selling prices of flour at the Group's Indonesian flour mill. In addition, the livestock division has turned around riding on higher selling prices of day-old-chicks.

Consumer products

Segment revenue continued to grow in 3Q2016 to RM153 million and RM467 million for 9M2016 compared with RM144 million and RM445 million respectively in the corresponding periods last year, mainly supported by distribution of new agency products, improved sales of existing in-house and agency products and higher sales volume of bakery products.

In 3Q2016, higher segment profit of RM4.8 million was mainly derived from increased sales of bakery products. Despite better results delivered by bakery division, segment profits decreased by 19% to RM12 million for 9M2016 compared with RM15 million for 9M2015 mainly due to higher staff and distribution costs.

Film exhibition and distribution

The *Film exhibition and distribution* segment recorded a small revenue increase to RM105 million in 3Q2016 compared with RM104 million in 3Q2015 mainly due to higher distribution income despite weaker titles released. However, revenue improved by 12% to RM367 million for 9M2016 compared with last year due to the strong performance in 1Q2016 which benefitted from Chinese New Year and local titles. New cinemas which opened in 2015 and higher concession sales also contributed to the nine months results.

In 3Q2016, segment profit was lower at RM7.8 million compared with RM13 million in 3Q2015 mainly due to weaker movies released. Significantly higher revenue registered in 1Q2016 helped boost the segment's profitability from RM50 million for 9M2015 to RM58 million for 9M2016.

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Notes (Cont'd)

Environmental engineering and utilities

Segment revenue for 3Q2016 and 9M2016 was lower at RM32 million and RM149 million respectively compared with the same periods last year. This was mainly due to most of the environmental engineering projects have been completed and handed over in previous quarters.

Accordingly, the segment reported lower profits of RM0.8 million in 3Q2016 and RM6.5 million for 9M2016 in line with the lower revenue.

Property

The *Property* segment posted lower revenue of RM11 million in 3Q2016 compared with RM14 million in 3Q2015 due mainly to the recognition of progress billings on delivery of vacant possession of bungalows in Taman Tanah Aman in Penang in previous quarters this year. For 9M2016, higher progress billings from property development were negated by the reduced rental income from lower occupancy rates in investment properties. This resulted in a slight decrease in segment revenue from RM45 million for 9M2015 to RM44 million in the year to-date under review.

Segment profit reduced to RM4.4 million in 3Q2016 from RM7.4 million in 3Q2015 as a result of lower revenue. Notwithstanding the lower revenue for 9M2016, segment profit was 34% higher at RM27 million mainly due to gains on disposal of land and building as well as higher progress billings which more than offset lower rentals from investment properties.

Investments and Other operations

The combined segment revenue decreased by 4% in 3Q2016 to RM31 million and 2% for 9M2016 to RM107 million compared with RM32 million and RM110 million respectively in the corresponding periods last year. Higher sales from the chemical manufacturing business was offset by lower investment income and packaging revenue in 9M2016.

The combined segments collectively registered lower profits of RM2.8 million in 3Q2016 and RM13 million for 9M2016, from RM9 million in 3Q2015 and RM15 million for 9M2015. Higher profits from the chemical manufacturing division was offset by lower investment income for 9M2016. The higher profits in 9M2015 was due mainly to a one-time gain on liquidation of a subsidiary.

Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits was RM321 million in 3Q2016 compared with RM213 million in 3Q2015. Wilmar contributed higher profits of RM293 million in 3Q2016 against RM205 million in 3Q2015, mainly attributed to good performance from its Tropical oils segment as well as the Oilseeds and grains segment. For 9M2016, profit contribution from associates and joint venture was lower at RM367 million compared with RM515 million in 9M2015. Wilmar's contribution for 9M2016 was RM304 million against RM499 million for 9M2015, as a result of losses incurred in the second quarter of this year.

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

	3Q2016	2Q2016	Variance	
	RM'000	RM'000	RM'000	%
<u>Segment results</u>				
Grains and agribusiness	88,175	78,910	9,265	12%
Consumer products	4,791	4,931	(140)	(3%)
Film exhibition and distribution	7,843	15,854	(8,011)	(51%)
Environmental engineering and utilities	779	1,759	(980)	(56%)
Property	4,385	17,503	(13,118)	(75%)
Investments and Other operations	2,836	7,180	(4,344)	(61%)
Total segment results	108,809	126,137	(17,328)	(14%)
Share of associates and joint venture's profits less losses	320,996	(154,494)	475,490	>100%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(80)	(499)	419	84%
Total profit/(loss) before tax	429,725	(28,856)	458,581	>100%

Notes (Cont'd)

The Group recorded a pre-tax profit of RM430 million in 3Q2016 compared with a loss before tax of RM29 million in 2Q2016.

The *Grains and agribusiness* segment profits increased to RM88 million mainly due to increase in sales volume and better margins, coupled with improved performance in the livestock division as a result of higher selling prices of day-old-chicks. The Group's share of Wilmar's profit in 3Q2016 was RM293 million, compared with a loss of RM170 million in 2Q2016.

The *Property* segment recorded lower profit of RM4.4 million as there was a larger gain on the disposal of land and building as well as profit recognition on delivery of vacant possession in 2Q2016. The *Film exhibition and distribution* profit was lower due to weaker line-up of movies in 3Q2016; while the combined segment posted lower results mainly due to lesser investment income, and lower export sales of products with better margins in the chemical manufacturing business. The *Environmental engineering and utilities* segment registered lower profits in line with lower revenue recognised.

B3. Prospects for the current financial year

Bank Negara Malaysia has reported that the Malaysian economy is expected to grow by 4 - 4.5% in 2016. Domestic demand remains as the key driver of growth, supported particularly by private sector spending. The recent 2017 budget announced by the Malaysian government with additional incentives to help increase disposable income is expected to support the domestic economy and encourage private consumption.

The *Grains and agribusiness* segment continues to be competitive with moderate revenue growth expected for the final quarter of the year, underpinned by seasonal increase in demand in both the domestic and overseas markets. The *Consumer products* segment remains challenging amidst cautious consumer spending and uncertainties with the current economic environment. The *Film exhibition and distribution* business will benefit from the better movie line-up in the last quarter. The *Environmental engineering and utilities* segment will deliver lower revenue from the current on-going projects. The *Property* segment is affected by lower property sales, and occupancy rates of the investment properties, due to weak property and retail market sentiments.

While the Group's main business segments are largely expected to perform well in 2016; the overall consolidated financial results for the year will continue to be substantially supported by Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
Profit before tax is stated after crediting :		
Dividend income	1,152	4,706
Fair value gain on derivatives	8,549	51,123
Foreign exchange gain	3,075	27,030
Interest income	4,114	13,413
Income from short-term fund placements	5,694	15,291
Rental income	1,284	3,799
Gain on disposal of a subsidiary	-	175
Gain on disposal of land and building	3,014	10,331
(Loss)/Gain on financial assets at fair value through profit or loss	(72)	56
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(1,315)	(2,859)
Depreciation and amortisation	(37,061)	(89,523)
Fair value gain/(loss) on derivatives	876	(13,636)
Foreign exchange gain/(loss)	10,213	(26,412)
Interest expense	(5,150)	(19,031)

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Notes (Cont'd)

B6. Tax expense

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
Taxation comprises :		
Malaysian taxation		
Current	25,431	75,144
Deferred	2,179	(1,732)
	27,610	73,412
Foreign taxation		
Current	1,854	10,518
Deferred	1,767	1,850
	31,231	85,780
(Over)/Under provision in prior year		
Current	(3,676)	(3,675)
Deferred	719	719
	28,274	82,824

The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax credit not recognised by certain subsidiaries. Deferred tax benefit will be recognised when the subsidiaries are able to estimate accurately the timing of its future profits.

B7. Status of corporate proposals

On 9 September 2016, FFM Berhad ("FFM"), an 80%-owned subsidiary of PPB entered into a subscription and purchase agreement with BRF Foods GmbH ("BRF Foods"), whereby BRF Foods would acquire (via subscription and purchase) 70% equity interest in FFM Further Processing Sdn Bhd ("FFM-FP"), then a 100%-subsidiary of FFM.

The acquisition of 70% equity interest in FFM-FP involved firstly, the capitalisation of FFM's shareholder's loan to FFM-FP amounting to RM13.25 million by the issue of 13.25 million new ordinary shares of RM1 each ("OS") to FFM. BRF Food subscribed for 49.407 million new OS, and purchased from FFM 13.353 million OS in FFM-FP for a total cash consideration of RM49.407 million and RM13.353 million respectively. The above has been completed on 4 October 2016 and accordingly, FFM-FP has ceased to be an indirect subsidiary of PPB.

Notes (Cont'd)

B8. Group borrowings

Total Group borrowings as at 30 September 2016 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings	115,512	115,512	-
Long-term bank loans (USD)	(40,118)	(40,118)	-
Repayments due within the next 12 months	75,394	75,394	-
Short-term bank borrowings			
Bills payable	44,000	-	44,000
Bills payable (IDR)	29,827	-	29,827
Short-term loans	750	-	750
Short-term loans (USD)	227,652	-	227,652
Short-term loans (IDR)	125,208	-	125,208
Short-term loans (VND)	50,285	-	50,285
Current portion of long-term loans	40,118	40,118	-
	517,840	40,118	477,722
Bank overdrafts	1,022	-	1,022
	518,862	40,118	478,744

B9. Material litigation

There was no material litigation as at 16 November 2016.

B10. Dividends

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

Dividends paid

Dividends paid for financial year 2015 and up to the date of this report are as follows :

Financial Year	Type	Amount per share	Date paid
2015	Interim dividend	8 sen	28 September 2015
2015	Final dividend	17sen	25 May 2016
2016	Interim dividend	8 sen	28 September 2016

B11. Earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the current financial period attributable to owners of the parent by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current quarter or financial period to-date as there were no dilutive potential ordinary shares.

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Notes (Cont'd)

B12. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report on the preceding annual financial statements.

B13. Realised and unrealised profits/losses

The retained profits of the Group are analysed as follows :

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	12,978,213	12,743,455
- Unrealised	(99,928)	(84,591)
	12,878,285	12,658,864
Total share of retained profits/(accumulated losses) from associates :		
- Realised	194,801	151,631
- Unrealised	(1,474)	(1,543)
- Wilmar International Limited ("Wilmar") *	5,305,840	5,265,268
Total share of retained profits from joint venture :		
- Realised	9,183	8,313
	18,386,635	18,082,533
Less : consolidation adjustments	(2,316,538)	(2,277,911)
Total Group retained profits as per consolidated accounts	16,070,097	15,804,622

* Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown may be considered price-sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.

Kuala Lumpur
23 November 2016

By Order of the Board
Mah Teck Keong
Company Secretary



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