



# QUARTERLY REPORT

# P2

INVESTOR UPDATE 2018





# FROM THE DESK OF THE CHAIRMAN

## Dear Shareholders,

We are pleased to report that PPB Group Berhad's ("PPB") pre-tax profit increased by 14% to RM546 million in 1H2018. The increase was mainly due to higher contribution by our 18.5% associate, Wilmar International Limited and higher profits from *Grains & Agribusiness* and *Environmental Engineering & Utilities* segments.

Group revenue increased by 7% to RM2.23 billion in 1H2018 due to higher contribution from the *Grains & Agribusiness* and *Environmental Engineering & Utilities* segments.

Profit for the period was higher at RM507 million compared with RM443 million in 1H2017. Accordingly, PPB recorded earnings per share of 34.7 sen for 1H2018 compared with 30.3 sen for 1H2017.

## INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 8 sen per share for the financial year ending 31 December 2018, payable on 4 October 2018 to shareholders whose names appear in the Record of Depositors on 18 September 2018.

## REVIEW OF OPERATIONS

The results of PPB's business operations for 1H2018 are summarised as follows :-

- *Grains & Agribusiness* segment's revenue for 1H2018 increased by 6% to RM1.54 billion mainly attributable to higher sales volume from all flour mills. Segment profit increased by 30% to RM73 million mainly due to lower raw material costs and improved product margins from the feed division.
- *Consumer Products* segment revenue for 1H2018 was RM333 million, down 3% from 1H2017 mainly due to lower sales of in-house products. Segment profit decreased by 46% to RM10 million for 1H2018 mainly due to the one-time gain in 1H2017 of RM8.0 million on sale of land and building, and weaker performance by the bakery division.

- *Film Exhibition & Distribution* segment revenue was stable at RM249 million. However, segment profit decreased by 28% to RM26 million mainly due to losses from the film distribution business as movie titles released were weaker than last year.
- *Environmental Engineering & Utilities* segment revenue increased twofold to RM93 million mainly contributed by progressive billings for the construction of projects secured in 2H2017. In line with the segment revenue, segment profit was higher at RM7.2 million for 1H2018.
- *Property* segment revenue increased by 8% to RM23 million primarily driven by higher project management fee income. Segment profit was at RM4.4 million as the one-time gain on the sale of vacant land was offset by higher operating costs.

## PROSPECTS FOR 2018

The flour markets in Malaysia, Indonesia and Vietnam, and the feed market in Malaysia are expected to remain challenging amidst volatility in commodity prices. Notwithstanding the market uncertainty, the *Grains & Agribusiness* segment is expected to perform satisfactorily with stable demand in 2H2018, coupled by continuous efforts to strive for cost efficiency and focus on product quality. The *Consumer Products* segment is expected to remain stable with more promotional activities and campaigns planned for 2H2018. The *Film Exhibition & Distribution* segment is expected to be supported by a strong movie line-up and contribution from newly opened cinemas in Malaysia. In line with the construction progress of contracts in hand, the *Environmental Engineering & Utilities* segment is expected to perform better in 2H2018. With encouraging sales of the Megah Rise project in Petaling Jaya and improved tenancy from the extended and refurbished Cheras LeisureMall operations, the *Property* segment is expected to perform satisfactorily.

PPB Group's main business segments are expected to perform satisfactorily in FY2018. The overall Group financial results will continue to be supported by the business performance of Wilmar.

## HAPPENINGS

Massimo was accorded the coveted "Superbrand Malaysia 2018" status by Superbrands Malaysia in May 2018. Massimo's other activities were their annual Mother's Day event in May, and the launch in June of Massimo Bunbino, a new range of filled buns.

PPB held its 49th Annual General Meeting at the Shangri-La Hotel, Kuala Lumpur on 15 May 2018. At the meeting, shareholders were briefed on the Group's performance and financial results for the year ended 31 December 2017.

GSC launched Malaysia's first Onyx Cinema LED screen on 7 June 2018 which brings LED picture quality to the big screen to enhance the cinema experience.

## CSR ACTIVITIES

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

- GSC collaborated with Make-A-Wish Malaysia to organise a special movie day for 30 Wish children and their families.
- GSC embarked on a campaign to increase public awareness of the autism spectrum disorder.
- Cheras LeisureMall supported World Vision Malaysia in their child sponsorship programme to raise awareness of issues affecting children from communities experiencing extreme poverty and injustice.
- Cheras LeisureMall jointly organised a blood donation campaign with Persatuan Kebajikan Tabung Ikhlas Kuala Lumpur dan Selangor.
- Cheras LeisureMall was also the venue for the 'Dignity Art Exhibition' to support Dignity for Children Foundation which aims to give children an opportunity to express themselves through art.

## GREETINGS

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

**Tan Sri Datuk Oh Siew Nam**  
Chairman

14 September 2018



# Massimo Bunbino – Snack-sized buns with Malaysians' favourite fillings

FFM Marketing Sdn Bhd launched a new product range in June 2018 - **Massimo Bunbino**, offering two variants, *sambal ikan bilis & serai* and *homestyle kaya* buns.

Bunbino was created to provide a wholesome and filling snack catering to those on the go. The buns retail at RM1.05 each.



# Massimo Mother's Day Event 2018



Mother's Day has become an annual event organised by Massimo, paying tribute to mothers and remembering the three most precious attributes of a mother – **HONESTY, RESPECT** and **LOVE**.

In conjunction with the celebration of Mother's Day, Massimo's Mother's Day event was held at 1Utama shopping complex, Petaling Jaya from 10 to 13 May 2018. Visitors to the shopping complex were encouraged to participate in a variety of activities designed for children to learn the values of Honesty, Respect and Love with their mothers through fun and exciting games.

The highlight of the event saw five mother-and-child teams contesting for Massimo's "**Mom I Love You**" Mother's Day contest which featured the grand prize of a family trip to a "**Magical Kingdom**" in Tokyo, Japan for four persons.

# MASSIMO ACCORDED “SUPERBRAND MALAYSIA 2018” STATUS



Massimo was accorded the “**Superbrand Malaysia 2018**” status by Superbrands Malaysia in May 2018.

Superbrands is the world’s largest independent authority and arbiter of branding. It originated in London in 1994 and is present in 93 countries including Malaysia.

Each year Superbrands Malaysia conducts an online survey, involving about 3,000 senior managers and marketing professionals, to vote on their candidates’ brands. Brands scoring at least 80% feel good points from the survey are awarded the Superbrands certificate and seal.

Being a Superbrands winner is a commitment of the brand to deliver the best products and services to consumers to build trust and loyalty, and Massimo being awarded the Superbrand status, exemplifies this commitment.

# 49th Annual General Meeting



The 49th Annual General Meeting (“AGM”) of PPB Group Berhad was held on 15 May 2018 at the Shangri-La Hotel, Kuala Lumpur.

Before commencing discussion on the agenda of the AGM, the Chairman informed members of the proposed 1:5 bonus issue which had just been announced. The Chief Financial Officer (“CFO”) then read out the Company’s reply to a letter from the Minority Shareholder Watchdog Group for the benefit of members present. The Managing Director and CFO also presented a summary of PPB’s history, its main businesses and performance highlights to the members.

The Chairman and management then proceeded to deal with questions raised by shareholders relating to the Group’s performance and results for the financial year ended 31 December 2017.

After completion of the discussions on the agenda, the resolutions tabled at the AGM were voted by poll, and were all passed by the members present.



# GSC WELCOMES ONYX, A NEW FUTURE FOR CINEMAS



As part of GSC's efforts to continue creating enriching cinema experiences for its customers, GSC unveiled the country's first Onyx cinema LED screen on 7 June 2018. Powered by the innovation at Samsung Electronics, Onyx is designed to deliver ultra-sharp high definition visuals and superior sound. Located at Hall 11 of GSC's flagship Mid Valley Megamall cinema, the 33.8-foot wide and 16.4-foot high Onyx Cinema LED screen enlivens content by reproducing greater detail and colour vibrancy in cutting-edge 4K resolution.





## GSC CONTINUES TO SUPPORT AWARENESS OF AUTISM SPECTRUM DISORDER (ASD)



In commemoration of World Autism Month, GSC embarked on a campaign called “Autistic People Are Not Broken” to increase public awareness of autism spectrum disorder (ASD) and #BreakTheStigma of the condition. The campaign, which took place from 2 to 30 April, saw GSC’s website, social media pages, and electronic screens throughout the country turn blue for the cause. GSC also screened a special movie entitled ‘The Wayang Kids’ and donated RM10,000 to the National Autism Society of Malaysia (NASOM) after the campaign ended. The donation, which comprises proceeds from The Wayang Kids screening, was presented to NASOM Chairman, Puan Feilina Feisol in a private ceremony at GSC Pavilion Kuala Lumpur on 28 June 2018.

# GSC CELEBRATES WORLD WISH DAY WITH THE AVENGERS



Make-A-Wish AIW Screening - Ipoh



Make-A-Wish AIW Screening - Kuantan



Make-A-Wish AIW Screening - Penang



Make-A-Wish AIW Screening - Johor Bahru

In celebration of World Wish Day 2018 on 29 April, Golden Screen Cinemas (GSC) collaborated with Make-A-Wish Malaysia to organise a special movie day out at several locations for 30 Wish children and their families, treating them to a screening of the summer's biggest blockbuster, Avengers: Infinity War. The screenings took place at GSC Ipoh Parade, Ipoh and GSC Sunway Carnival, Seberang Jaya on 5 May, and at GSC East Coast Mall, Kuantan and GSC Paradigm Mall, Johor Bahru on 12 May.

Collectively, the sessions hosted more than 300 attendees including Wish children, their families, and Make-A-Wish volunteers, all of whom enjoyed complimentary popcorn and drinks. Every Make-A-Wish child also received a goodie bag filled with the latest movie-related merchandise.



# World Vision Malaysia Gifts of Hope Fundraising Campaign

In an effort to make a difference to children in needy communities, Cheras LeisureMall supported World Vision Malaysia in their 3-day child sponsorship programme from 25 to 27 May 2018, to raise awareness on issues affecting children from communities experiencing extreme poverty and injustice. Generous contributions from Cheras LeisureMall shoppers will be channelled towards holistic development work in the community, empowering them to become self-sustaining eventually.





# Blood Donation Campaign



Cheras LeisureMall jointly organised a blood donation campaign with Persatuan Kebajikan Tabung Ikhlas Kuala Lumpur dan Selangor on 2 June 2018. The campaign was to raise awareness amongst shoppers on the benefits of donating blood and a total of 94 pints of blood were collected.



# Dignity Art Exhibition

Cheras LeisureMall supported Dignity for Children Foundation (Dignity) to organise Dignity's Art Exhibition from 11 to 24 June 2018, which aims to give children an opportunity to express themselves through art. The exhibition featured art pieces produced by the children over an eight-month period under the mentorship of a local artist, Nuriman Manap. Painted on canvases and skateboards, the works reflected their hopes and dreams of a future without poverty and pain. An art workshop and competition were also held over the weekends.



# SHARE ANALYSIS

## The equity market experienced elevated volatility due to a confluence of external and domestic factors

The FBM KLCI continued to be affected by external factors during the second quarter, declining by 9.2% to close at 1,691.5 points as at end-June (end-March 2018: 1,863.5 points). The decline was in line with the downward trend in regional equity markets as non-resident investors shifted funds to safe-haven assets amid uncertainties on the pace of monetary policy normalisation in the US and rising global trade tensions. Domestically, construction counters were affected by reviews on large infrastructure projects, which weighed on the overall index.

[Source : Bank Negara Malaysia website]

PPB shares closed at RM16.40 compared with RM15.95 in the preceding quarter and market capitalisation increased to RM23,337 million. The average daily volume of PPB shares traded during the quarter decreased by 3.51% to 1,212,678 shares.



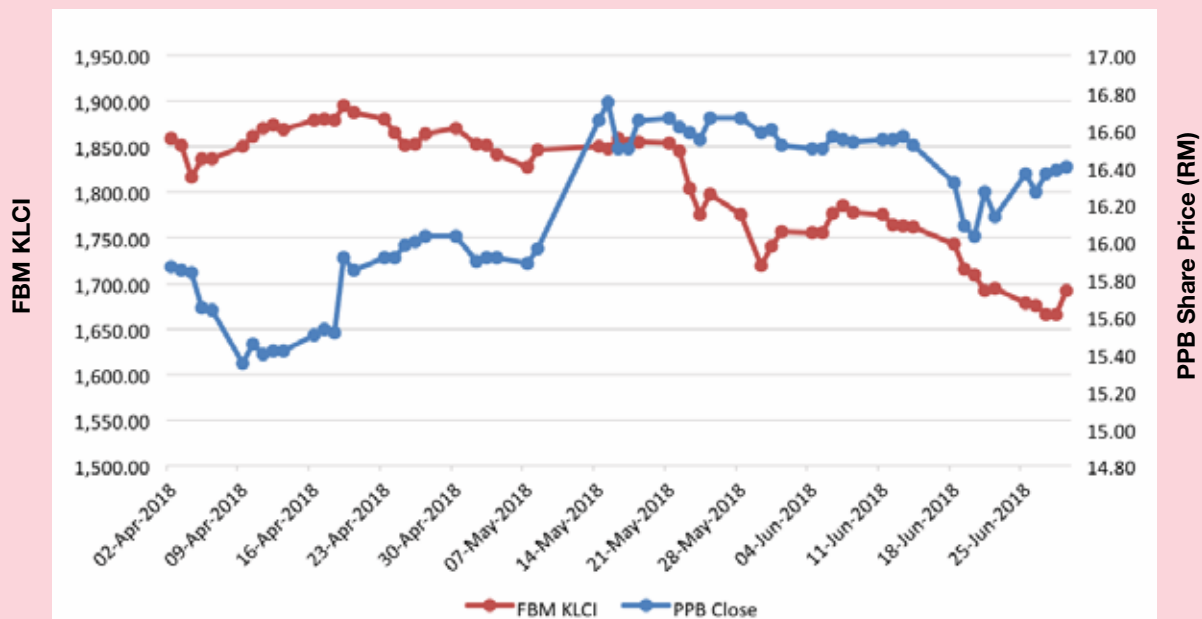
# Share Analysis

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	2Q2018	1Q2018	% change
<b>PPB share price (RM) #</b>			
Closing price (high)	16.75	15.98	4.82%
Closing price (low)	15.35	14.23	7.87%
Month end closing price	16.40	15.95	2.82%
Weighted share price	16.21	14.94	8.53%
Market capitalisation (RM <sup>1</sup> million)	23,337	18,917	23.37%
<b>PPB share trading volume (Number of shares)</b>			
Daily volume (high)	3,134,281	3,854,642	-18.69%
Daily volume (low)	185,880	111,000	67.46%
Average daily volume	1,212,678	1,256,847	-3.51%
<b>FBM KLCI</b>			
FBM KLCI closing (high)	1,895.18	1,876.87	0.98%
FBM KLCI closing (low)	1,665.68	1,782.70	-6.56%
FBM KLCI quarter end closing	1,691.50	1,863.46	-9.23%
<b>FBM KLCI volume (Number of shares)</b>			
Daily volume (high)	757,565,800	334,625,600	126.39%
Daily volume (low)	71,803,700	60,280,400	19.12%
Average daily volume	172,937,510	142,441,485	21.41%

# Adjusted for 1:5 bonus issue announced on 8 May 2018.

## FBM KLCI & PPB SHARE PRICE MOVEMENTS IN 2Q2018



# Group Financial Highlights

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**Financial period/year ended**  
**(All figures in RM million)**

	<b>6 months</b>			<b>12 months</b>
	<b>30.06.18</b>	<b>30.06.17 (restated)</b>	<b>Change %</b>	<b>31.12.17 (restated)</b>
<b>INCOME STATEMENT</b>				
Revenue	2,228	2,084	6.9	4,292
Profit before tax	546	480	13.8	1,273
Profit attributable to owners of the parent	494	432	14.4	1,186
<b>STATEMENT OF FINANCIAL POSITION</b>				
Non-current assets	19,454	19,560	(0.5)	19,558
<u>Current assets</u>				
Cash, bank balances, deposits and short-term fund placements	1,281	1,239	3.4	1,339
Others	1,674	1,636	2.3	1,809
Total current assets	2,955	2,875	2.8	3,148
<b>Total assets</b>	<b>22,409</b>	<b>22,435</b>	<b>(0.1)</b>	<b>22,706</b>
<u>Equity</u>				
Share capital	1,192	1,192	0.0	1,192
Reserves	19,427	19,490	(0.3)	19,524
Equity attributable to owners of the parent	20,619	20,682	(0.3)	20,716
Non-controlling interests	667	680	(1.9)	676
Total equity	21,286	21,362	(0.4)	21,392
<u>Non-current liabilities</u>				
Long-term bank borrowings	31	57	(45.6)	36
Others	95	98	(3.1)	92
Total non-current liabilities	126	155	(18.7)	128
<u>Current liabilities</u>				
Short-term bank borrowings	566	528	7.2	745
Others	431	390	10.5	441
Total current liabilities	997	918	8.6	1,186
Total liabilities	1,123	1,073	4.7	1,314
<b>Total equity and liabilities</b>	<b>22,409</b>	<b>22,435</b>	<b>(0.1)</b>	<b>22,706</b>

## Group Financial Highlights

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**Financial period/year ended**  
**(All figures in RM million)**

		<b>6 months</b>		<b>12 months</b>
		<b>30.06.18</b>	<b>30.06.17</b> (restated)	<b>31.12.17</b> (restated)
<b>RATIOS</b>				
Return on equity attributable to owners of the parent	(%)	4.8	4.2	5.7
Earnings per share	(sen)	34.7	30.3	83.3
Interest coverage	(times)	50.6	41.0	51.9
Total borrowings/Equity	(%)	2.8	2.7	3.7
Long-term borrowings/Equity	(%)	0.1	0.3	0.2
Net assets per share attributable to owners of the parent *	(RM)	14.5	14.5	14.6
Net dividend per share	(sen)	8.0	8.0	30.0
<b>STOCK MARKET INFORMATION</b>				
Share price #	(RM)	16.40	14.30	14.37
Market capitalisation	(RM million)	23,337	20,349	20,449
PE ratio	(times)	23.6	23.6	17.2

\* Number of shares reflect total ordinary shares after bonus issue.

# Adjusted share price for 1 : 5 bonus issue



## Announcements

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### APRIL 2018

- 11** PPB announced a variation between the estimated and actual transacted values of a mandated recurrent related party transaction ("RRPT") disclosed in the Circular to Shareholders dated 18 April 2017.
- 16** PPB announced the issue of the Notice of the 49th Annual General Meeting ("AGM") dated 17 April 2018.
- 17**
- Issue of PPB's 2017 Annual Report and Corporate Governance Report.
  - Issue of the Circular to Shareholders dated 17 April 2018 in relation to the proposed shareholders' mandate for RRPTs, and proposed renewal of authority for PPB to purchase its own ordinary shares.
- 25** PPB announced an errata in the CD-ROM format of the 2017 Annual Report.
- 26** PPB entered into a sale and purchase agreement with Lembaga Tabung Angkatan Tentera ("LTAT") for the proposed purchase from LTAT of 3,281,250 ordinary shares, representing 16.8% equity interest in Hillcrest Gardens Sdn Bhd ("Hillcrest") for a total cash consideration of RM59,062,500.
- 30** PPB replied to queries from Bursa Securities in relation to the proposed purchase of 16.8% equity interest in Hillcrest.

### MAY 2018

- 8** PPB announced a proposed bonus issue of up to 237,099,976 ordinary shares ("Bonus Shares") on the basis of one (1) share for every five (5) existing shares held on an entitlement date to be determined ("Bonus Issue").
- 15** PPB announced that all the resolutions tabled at the 49th AGM of the Company held on 15 May 2018 were passed by shareholders of the Company.

## Announcements

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### MAY 2018

**17** PPB announced that the quarterly report for the 1st quarter ended 31 March 2018 would be released on 31 May 2018.

**22** PPB announced that the purchase of 16.8% equity interest in Hillcrest had been completed following payment of the balance purchase consideration to the vendor.

**31** Release of PPB's quarterly report for the 1st quarter ended 31 March 2018.

### JUNE 2018

**7** PPB announced that its advisor for the Bonus Issue, RHB Investment Bank Berhad ("RHB") had on 6 June 2018 submitted an application to Bursa Securities for the listing and quotation on the Main Market of Bursa Securities of the Bonus Shares to be issued pursuant to the Bonus Issue.

**13** RHB, on behalf of PPB, announced that Bursa Securities had on 12 June 2018 approved the listing and quotation of up to 237,099,976 Bonus Shares.

**21** PPB announced the issue of the Notice of Extraordinary General Meeting dated 22 June 2018.

**22** Issue of the Circular to Shareholders dated 22 June 2018 in relation to the Bonus Issue.  
(Note : The Bonus Issue was completed on 27 July 2018.)

# Quarterly Report

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## Condensed Consolidated Income Statements For The Period Ended 30 June 2018

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Revenue	1,082,432	1,053,010	2,227,554	2,083,596
Operating expenses	(1,035,845)	(1,007,578)	(2,136,050)	(1,994,827)
Other operating income, gains and losses	43,177	13,722	47,949	41,896
Share of net profits less losses of associates	250,639	58,347	415,363	359,812
Share of profit of joint venture	1,016	946	2,044	1,885
Finance costs	(5,391)	(5,788)	(11,318)	(12,405)
Profit before tax	336,028	112,659	545,542	479,957
Tax expense	(24,872)	(16,210)	(38,779)	(36,680)
Profit for the period	311,156	96,449	506,763	443,277
Attributable to :				
Owners of the parent	304,473	93,195	493,985	431,627
Non-controlling interests	6,683	3,254	12,778	11,650
Profit for the period	311,156	96,449	506,763	443,277
Basic earnings per share (sen)	21.40	6.55	34.72	30.34

(The Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)



# Quarterly Report

INVESTOR UPDATE QUARTERLY REPORT • 30 JUNE 2018

## Condensed Consolidated Statements Of Comprehensive Income For The Period Ended 30 June 2018

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Profit for the period	311,156	96,449	506,763	443,277
Other comprehensive income/(loss), net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value of financial assets available-for-sale	(17,084)	25,116	(112,358)	155,033
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	709,971	(514,368)	(61,086)	(747,365)
Share of associates' other comprehensive income/(loss)	(346,607)	111,255	(168,017)	327,425
Total comprehensive income/(loss)	657,436	(281,548)	165,302	178,370
Attributable to :				
Owners of the parent	650,743	(276,980)	163,486	175,663
Non-controlling interests	6,693	(4,568)	1,816	2,707
Total comprehensive income/(loss)	657,436	(281,548)	165,302	178,370

(The Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

# Quarterly Report

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## Condensed Consolidated Statements Of Financial Position

	As at 30-Jun-18 RM'000	As at 31-Dec-17 RM'000 (restated)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,317,065	1,344,173
Investment properties	229,772	217,711
Biological assets	3,542	3,616
Goodwill	73,704	73,704
Other intangible assets	10,536	9,232
Land held for property development	86,067	86,209
Investments in associates	17,063,307	17,036,921
Investment in joint venture	58,977	61,595
Financial assets available-for-sale	609,762	722,221
Deferred tax assets	1,597	2,225
	19,454,329	19,557,607
<b>Current Assets</b>		
Inventories	759,496	815,569
Biological assets	17,830	18,716
Other intangible assets	1,785	8,337
Property development costs	8,431	6,294
Receivables	864,812	932,291
Derivative financial instruments	4,211	17
Current tax assets	17,396	18,086
Cash, bank balances, deposits and short-term fund placements	1,281,172	1,339,143
	2,955,133	3,138,453
Assets classified as held for sale	-	10,163
	2,955,133	3,148,616
<b>TOTAL ASSETS</b>	22,409,462	22,706,223
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,192,215	1,192,215
Reserves	19,427,343	19,523,793
Equity attributable to owners of the parent	20,619,558	20,716,008
Non-controlling interests	667,269	676,005
<b>Total equity</b>	21,286,827	21,392,013

# Quarterly Report

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## Condensed Consolidated Statements Of Financial Position (Cont'd)

	As at 30-Jun-18 RM'000	As at 31-Dec-17 RM'000 (restated)
<b>Non-current Liabilities</b>		
Long-term borrowings	30,574	35,974
Deferred tax liabilities	95,650	91,871
	126,224	127,845
<b>Current Liabilities</b>		
Payables	408,684	433,687
Derivative financial instruments	8,125	337
Short-term borrowings	566,413	744,749
Current tax liabilities	13,189	6,107
	996,411	1,184,880
Liabilities associated with assets classified as held for sale	-	1,485
	996,411	1,186,365
<b>Total liabilities</b>	1,122,635	1,314,210
<b>TOTAL EQUITY AND LIABILITIES</b>	22,409,462	22,706,223

(The Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)

# Quarterly Report

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## Condensed Consolidated Statements Of Changes In Equity For The Period Ended 30 June 2018

	Non-distributable						Distributable				
	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	Non-controlling interests RM'000	Total equity RM'000
<b>6 months ended 30 June 2018</b>											
At 1 January 2018											
As previously stated	1,192,215	-	38,966	1,753,866	292,119	13,528	180,305	17,427,041	20,898,040	676,176	21,574,216
Effects of MFRS convergence and adoption of MFRS 9, MFRS 15 and MFRS 141	-	-	(38,966)	1,227,523	-	4,118	22,672	(1,397,379)	(182,032)	(171)	(182,203)
Restated	1,192,215	-	-	2,981,389	292,119	17,646	202,977	16,029,662	20,716,008	676,005	21,392,013
Total comprehensive income/(loss)	-	-	-	(203,138)	(112,358)	9,810	(24,813)	493,985	163,486	1,816	165,302
Transfer of reserves	-	-	-	-	-	-	(519)	519	-	-	-
Dividends	-	-	-	-	-	-	-	(260,810)	(260,810)	(4,700)	(265,510)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	874	874	(5,852)	(4,978)
At 30 June 2018	1,192,215	-	-	2,778,251	179,761	27,456	177,645	16,264,230	20,619,558	667,269	21,286,827
<b>6 months ended 30 June 2017</b>											
At 1 January 2017											
As previously stated	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
Effects of MFRS convergence and adoption of MFRS 9, MFRS 15 and MFRS 141	-	-	(39,511)	1,202,792	-	(13,634)	(23,651)	(1,379,439)	(253,443)	127	(253,316)
Restated	1,185,500	6,715	-	4,302,202	9,442	(64,634)	105,269	15,174,653	20,719,147	695,270	21,414,417
Total comprehensive income/(loss)	-	-	-	(551,301)	155,033	101,002	39,302	431,627	175,663	2,707	178,370
Transfer of reserves	-	-	-	-	-	-	4,909	(4,909)	-	-	-
Transfer pursuant to Companies Act 2016	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(201,535)	(201,535)	(16,101)	(217,636)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	2,119	2,119	(2,219)	(100)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(13,151)	(13,151)	-	(13,151)
At 30 June 2017	1,192,215	-	-	3,750,901	164,475	36,368	149,480	15,388,804	20,682,243	679,657	21,361,900

(The Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017)



# Quarterly Report

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## Condensed Consolidated Statements Of Cash Flows For The Period Ended 30 June 2018

	6 months ended 30 June	
	2018 RM'000	2017 RM'000 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	545,542	479,957
Adjustments :		
Non-cash items	(344,815)	(270,517)
Non-operating items	(19,736)	(14,467)
Operating profit before working capital changes	180,991	194,973
Working capital changes :-		
Net change in current assets	80,988	(91,099)
Net change in current liabilities	5,363	(12,210)
Cash generated from operations	267,341	91,664
Tax paid	(26,716)	(51,749)
<b>Net cash generated from operating activities</b>	<b>240,625</b>	<b>39,915</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(73,768)	(81,449)
Proceeds from disposal of property, plant and equipment and assets held for sale	13,408	36,204
Purchase of investments	(90,136)	-
Dividends received	260,888	161,463
Income from short-term fund placements	15,299	5,088
Interest received	6,854	7,076
Repayment from associates	32,866	50,862
Distribution of profits from joint venture	3,372	-
Other investing activities	2,260	2,265
<b>Net cash generated from investing activities</b>	<b>171,042</b>	<b>181,509</b>

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## Condensed Consolidated Statements Of Cash Flows For The Period Ended 30 June 2018 (Cont'd)

	6 months ended 30 June	
	2018 RM'000	2017 RM'000 (restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(191,461)	75,998
Interest paid	(11,470)	(12,719)
Dividends paid	(265,510)	(217,636)
<b>Net cash used in financing activities</b>	<b>(468,441)</b>	<b>(154,357)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(56,773)</b>	<b>67,067</b>
Cash and cash equivalents brought forward	1,338,663	1,177,203
Effect of exchange rate changes	(1,171)	(5,816)
<b>Cash and cash equivalents carried forward</b>	<b>1,280,719</b>	<b>1,238,454</b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	281,224	235,599
Bank deposits	217,213	353,919
Short-term fund placements	782,735	649,527
Bank overdrafts	(453)	(591)
	1,280,719	1,238,454

(The Condensed Consolidated Financial Statements should be read in conjunction with  
the audited financial statements for the year ended 31 December 2017)

**Notes****A1. Accounting policies**

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

The Group adopted the MFRS on 1 January 2018 and will prepare the first set of financial statements in accordance with MFRS for the financial year ending 31 December 2018. The interim financial statements of the Group have been prepared in accordance with the accounting policies to be applied in preparing the annual financial statements of the Group for the financial year ending 31 December 2018.

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 2017 except for the adoption of the following MFRS, Amendments to MFRS and Issues Committee Interpretation ("IC Interpretation") that are effective for the financial periods beginning on or after 1 January 2018 :

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 15	Clarifications to MFRS 15

**A2. Adoption of MFRS****a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards**

The Group adopted MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards on 1 January 2018 and has elected to apply the following transitional exemptions:

**Business combinations**

The Group has elected not to apply MFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition.

**Deemed cost of assets**

The Group has elected to use the previously revalued property, plant and equipment and investment properties as their deemed cost under the MFRS on the date of transition.

**b) MFRS 141 Agriculture**

The Group measures bearer plants at cost less accumulated depreciation and impairment losses, whereas agricultural produce is measured at fair value less costs at the point of harvest. Other biological assets are measured at fair value less costs to sell.

**c) MFRS 9 Financial Instruments**

The Group applied the simplified approach where the credit loss allowance on impairment of financial assets is measured at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

**d) MFRS 15 Revenue from Contracts with Customers**

The Group recognises revenue to depict the transfer of a promised good or service to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good or service. Depending on the terms of the contract, the Group recognises revenue when the performance obligation is satisfied, which may be at a point in time or over time.

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For the six months ended 30 June 2017, there was a negative effect on the adoption of the above MFRS to the consolidated profit before tax and net profit after tax amounted to RM15.9 million.

The effects on adoption of the above MFRS on consolidated statement of financial position as at 31 December 2017 are as follows:

	As reported previously RM'000	Effects of MFRS adoption RM'000	Restated RM'000
<b>Non-current Assets</b>			
Investment properties	216,811	900	217,711
Biological assets	2,844	772	3,616
Land held for property development	85,272	937	86,209
Investment in associates	17,221,581	(184,660)	17,036,921
Deferred tax assets	2,164	61	2,225
Other non-current assets	2,210,925	-	2,210,925
	19,739,597	(181,990)	19,557,607
<b>Current Assets</b>			
Biological assets	18,969	(253)	18,716
Property development costs	5,360	934	6,294
Receivables	932,885	(594)	932,291
Other current assets	2,191,315	-	2,191,315
	3,148,529	87	3,148,616
<b>Total assets</b>	22,888,126	(181,903)	22,706,223
<b>Equity</b>			
Equity attributable to owners of the parent	20,898,040	(182,032)	20,716,008
Non-controlling interests	676,176	(171)	676,005
Total equity	21,574,216	(182,203)	21,392,013
<b>Non-current liabilities</b>			
Deferred tax liabilities	91,857	14	91,871
Other non-current liabilities	35,974	-	35,974
	127,831	14	127,845
<b>Current liabilities</b>			
Payables	433,401	286	433,687
Other current liabilities	752,678	-	752,678
	1,186,079	286	1,186,365
<b>Total liabilities</b>	1,313,910	300	1,314,210
<b>TOTAL EQUITY AND LIABILITIES</b>	22,888,126	(181,903)	22,706,223



**A3. Seasonality or cyclicity of interim operations**

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

**A4. 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 end under review.

**A5. 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.

**A6. 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.

**A7. Dividends paid**

During the financial half-year ended 30 June 2018, a final single-tier dividend of 22 sen per share in respect of financial year ended 31 December 2017 was paid on 31 May 2018.

**A8. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 June 2018 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	Inter-segment elimination	Total
<b>REVENUE</b>									
External revenue	1,476,647	331,952	249,096	92,959	21,716	6,475	48,709	-	2,227,554
Inter-segment sales	63,234	1,185	-	-	950	-	8,788	(74,157)	-
Total revenue	1,539,881	333,137	249,096	92,959	22,666	6,475	57,497	(74,157)	2,227,554
<b>RESULTS</b>									
Segment results	73,450	9,997	26,139	7,178	4,428	6,475	2,295	-	129,962
Share of associates' profits less losses	33,113	(2,462)	2,211	2,296	3,913	-	376,292	-	415,363
Share of joint venture's profit	-	-	-	2,044	-	-	-	-	2,044
Interest income									6,835
Income from short-term fund placements									15,561
Finance costs									(11,318)
Unallocated corporate expenses									(12,905)
Profit before tax									545,542
<b>ASSETS</b>									
Segment assets	2,317,027	454,043	333,409	102,052	352,521	609,762	85,263	(331)	4,253,747
Investment in associates	456,922	25,791	191,258	52,040	229,694	-	16,107,602	-	17,063,307
Investment in joint venture	-	-	-	58,977	-	-	-	-	58,977
Bank deposits and short-term fund placements									999,948
Tax assets									18,993
Other unallocated corporate assets									14,491
Total assets									22,409,462

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## A9. 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 under review.

## A10. 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 interim period under review, except for the following:

- a) Tego Sdn Bhd ("Tego"), a 79.9%-owned indirect subsidiary of PPB, entered into an Agreement for Transfer of Shares dated 20 September 2017 to dispose of its entire equity interest in Tefel Packaging Industries Co Ltd ("Tefel") comprising 60 ordinary shares of Kyat 10,000/- each ("Proposed Disposal"). The Proposed Disposal was completed on 21 June 2018.
- b) On 4 August 2014, Lamlewa Feedmill Sdn Bhd ("Lamlewa"), a dormant 80%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. Lamlewa was dissolved on 28 June 2018, and has accordingly ceased to be an indirect subsidiary of PPB.

## A11. 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.

## A12. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 June 2018 were as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	34,052
- not contracted	373,682
	407,734
Other capital commitments	
- contracted	173,467
	581,201

## A13. Significant related party transactions

Significant related party transactions during the period ended 30 June 2018 were as follows:

	RM'000
Transactions with associates	
- Interest income	1,959
- Purchase of goods	16,952
Transactions with a subsidiary of the ultimate holding company	
- Sale of goods	7,174
Transactions with subsidiaries of associates	
- Purchase of goods	103,117
- Sale of goods	32,497
- Rental income	1,560
- Security and other service fee expenses	1,445
- Marketing fee income	1,168
- Charter hire of vessels	24,309

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

The Group reported total revenue of RM1.08 billion in 2Q2018 (2Q2017: RM1.05 billion), up 3% from a year ago. Pre-tax profit of the Group for the quarter was at RM336 million, 198% higher as compared to RM113 million recorded in 2Q2017.

For 1H2018, Group revenue increased by 7% to RM2.23 billion (1H2017: RM2.08 billion), the increase was attributed to higher revenue from *Grains and agribusiness* and *Environmental engineering and utilities* segments.

Group pre-tax profit increased by 14% to RM546 million (1H2017: RM480 million). The increase was mainly due to higher contribution from Wilmar of RM376 million (1H2017: RM323 million), higher profits from *Grains and agribusiness*, *Environmental engineering and utilities* segments as well as the cessation of sharing of losses in Tefel with the disposal completed in June 2018.

#### Group financial performance by business segment

	2Q2018	2Q2017	Variance		1H2018	1H2017	Variance	
	RM'000	RM'000 (restated)	RM'000	%	RM'000	RM'000 (restated)	RM'000	%
<b>Revenue</b>								
Grains and agribusiness	728,733	730,944	(2,211)	-	1,539,881	1,454,671	85,210	6%
Consumer products	168,533	174,201	(5,668)	(3%)	333,137	342,888	(9,751)	(3%)
Film exhibition and distribution	125,025	123,012	2,013	2%	249,096	247,634	1,462	1%
Environmental engineering and utilities	51,353	26,228	25,125	96%	92,959	44,941	48,018	>100%
Property	11,471	10,374	1,097	11%	22,666	21,012	1,654	8%
Investments and Other operations	32,397	39,110	(6,713)	(17%)	63,972	72,167	(8,195)	(11%)
Inter-segment elimination	(35,080)	(50,859)	15,779		(74,157)	(99,717)	25,560	
<b>Total revenue</b>	<b>1,082,432</b>	<b>1,053,010</b>	<b>29,422</b>	<b>3%</b>	<b>2,227,554</b>	<b>2,083,596</b>	<b>143,958</b>	<b>7%</b>
<b>Segment results</b>								
Grains and agribusiness	51,829	25,927	25,902	100%	73,450	56,341	17,109	30%
Consumer products	5,255	5,741	(486)	(8%)	9,997	18,546	(8,549)	(46%)
Film exhibition and distribution	12,707	16,125	(3,418)	(21%)	26,139	36,148	(10,009)	(28%)
Environmental engineering and utilities	5,259	1,526	3,733	>100%	7,178	2,561	4,617	>100%
Property	2,664	1,659	1,005	61%	4,428	4,215	213	5%
Investments and Other operations	8,464	2,693	5,771	>100%	8,770	2,677	6,093	>100%
<b>Total segment results</b>	<b>86,178</b>	<b>53,671</b>	<b>32,507</b>	<b>61%</b>	<b>129,962</b>	<b>120,488</b>	<b>9,474</b>	<b>8%</b>
Share of profits less losses from associates and joint venture	251,655	59,293	192,362	>100%	417,407	361,697	55,710	15%
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	(1,805)	(305)	(1,500)	>(100%)	(1,827)	(2,228)	401	18%
<b>Profit before tax</b>	<b>336,028</b>	<b>112,659</b>	<b>223,369</b>	<b>&gt;100%</b>	<b>545,542</b>	<b>479,957</b>	<b>65,585</b>	<b>14%</b>



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### Grains and agribusiness

Segment revenue remained relatively unchanged at RM729 million in 2Q2018 (2Q2017: RM731 million), due mainly to lower sales of animal feed. However, segment profit doubled to RM52 million (2Q2017: RM26 million), as a result of improved profit margin from the flour and feed divisions.

Segment revenue for the 1H2018 increased by 6% to RM1.54 billion (1H2017: RM1.45 billion), mainly attributable to higher sales volume from all flour mills. Segment profit increased by 30% to RM73 million (1H2017: RM56 million), mainly due to lower raw material cost and improved product margin from feed division.

### Consumer products

Segment revenue decreased by 3% to RM169 million in 2Q2018 (2Q2017: RM174 million), due mainly to lower sales of in-house products. Segment profit was lower by 8% to RM5.3 million (2Q2017: RM5.7 million) mainly attributable to higher raw material costs.

For 1H2018, segment revenue was lower by 3% at RM333 million (1H2017: RM343 million), mainly due to lower sales of in-house products. Segment profit decreased by 46% to RM10 million for 1H2018 (1H2017: RM19 million) mainly due to the absence of a one-time gain on sale of land and building amounted to RM8.0 million in 1H2017 and weaker performance by the bakery division.

### Film exhibition and distribution

Segment revenue increased by 2% to RM125 million in 2Q2018 (2Q2017: RM123 million) mainly due to higher contribution from new cinemas, higher average ticket prices and concession income, partly offset by decline in admissions mainly attributed to weaker movie line-up. However, segment profit decreased by 21% to RM13 million in 2Q2018 (2Q2017: RM16 million) primarily due to weaker performance in the film distribution business with weaker movie titles released.

For 1H2018, segment revenue was relatively stable at RM249 million (1H2017: RM248 million). Segment profit was however, lower at RM26 million for 1H2018 (1H2017: RM36 million) mainly due to weak contribution from film distribution business and weaker movie line-up during Chinese New Year 2018.

### Environmental engineering and utilities

Segment revenue increased by twofold for 2Q2018 and 1H2018 to RM51 million (2Q2017: RM26 million) and RM93 million (1H2017: RM45 million) respectively, mainly contributed by progressive billings for the construction of projects secured in the second half of 2017.

In line with the increase in revenue, segment profit was higher at RM5.3 million in 2Q2018 (2Q2017: RM1.5 million) and RM7.2 million for 1H2018 (1H2017: RM2.6 million).

### Property

Segment revenue was higher at RM11 million in 2Q2018 (2Q2017: RM10 million), mainly from the increase in project management fee income. Segment profit was higher at RM2.7 million in 2Q2018 (2Q2017: RM1.7 million) mainly due to a one-time gain on sale of vacant land amounted to RM1 million.

For 1H2018, segment revenue increased by 8% to RM23 million (1H2017: RM21 million) primarily driven by higher project management fee income. Segment profit was at RM4.4 million (1H2017: RM4.2 million), as the one-time gain on the sale of vacant land was offset by higher operating cost.

### Investments and Other operations

The combined segment revenue decreased by 17% in 2Q2018 to RM32 million (2Q2017: RM39 million) and 11% to RM64 million for 1H2018 (1H2017: RM72 million) mainly due to the de-consolidation of revenue from Tefel with the disposal completed in June 2018.

Accordingly, the combined segment reported a profit of RM8.5 million in 2Q2018 (2Q2017: RM2.7 million) and RM8.8 million for 1H2018 (1H2017: RM2.7 million).

### Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits increased significantly to RM252 million in 2Q2018 (2Q2017: RM59 million), mainly attributable to significant increase in contribution from Wilmar amounted to RM230 million in 2Q2018 (2Q2017: RM44 million).

Profit contribution from Wilmar was at RM376 million for 1H2018 (1H2017: RM323 million), 16% higher from a year ago.

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

	2Q2018 RM'000	1Q2018 RM'000 (restated)	Variance RM'000	%
<b>Segment results</b>				
Grains and agribusiness	51,829	21,621	30,208	>100%
Consumer products	5,255	4,742	513	11%
Film exhibition and distribution	12,707	13,432	(725)	(5%)
Environmental engineering and utilities	5,259	1,919	3,340	>100%
Property	2,664	1,764	900	51%
Investments and Other operations	8,464	306	8,158	>100%
<b>Total segment results</b>	<b>86,178</b>	<b>43,784</b>	<b>42,394</b>	<b>97%</b>
Share of profits less losses from associates and joint venture	251,655	165,752	85,903	52%
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	(1,805)	(22)	(1,783)	>(100%)
<b>Profit before tax</b>	<b>336,028</b>	<b>209,514</b>	<b>126,514</b>	<b>60%</b>

Group pre-tax profit was higher at RM336 million in 2Q2018 (1Q2018: RM210 million) due mainly to:

- higher profit contribution from Wilmar of RM230 million in the current quarter (1Q2018: RM146 million);
- higher profit from *Grains and agribusiness* and *Environmental engineering and utilities* segments; and
- higher dividend income from investment securities.

## B3. Prospects for the current financial year

The Malaysian economy recorded a slower growth of 4.5% in the second quarter of 2018 (1Q 2018: 5.4%). Growth was slower on account of supply disruption in the mining sector and agriculture production. Whilst private sector spending remained resilient, growth was dampened by public investment and net export growth. Going forward, growth is expected to be broadly sustained, supported mainly by private sector spending.

The flour markets in Malaysia, Indonesia and Vietnam and the feed market in Malaysia are expected to remain challenging amidst volatility in commodity prices. Notwithstanding the market uncertainty, the *Grains and agribusiness* segment is expected to perform satisfactorily with stable demand in the second half of 2018, coupled by continuous efforts to strive for cost efficiency and focus on product quality. The *Consumer products* segment is expected to remain stable with more promotional activities and campaigns planned for the second half of 2018. The *Film exhibition and distribution* segment is expected to be supported by a strong movie line-up and contribution from newly-opened cinemas in Malaysia for the second half of 2018. In line with the construction progress of contracts in hand, the *Environmental engineering and utilities* segment is expected to perform better in the second half of 2018. With encouraging sales of the Megah Rise project in Petaling Jaya and improved tenancy from the extended and refurbished Cheras LeisureMall operations, the *Property* segment is expected to perform satisfactorily.

With the Malaysian macroeconomic fundamentals remaining intact, the Group's main business segments are expected to perform satisfactorily in FY2018. The overall Group financial results will continue to be supported by the business performance of Wilmar.

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## B4. Variance of actual profit from forecast profit

Not applicable.

## B5. Profit before tax

	Individual Quarter 3 months ended 30-Jun-18 RM'000	Cumulative Quarter 6 months ended 30-Jun-18 RM'000
Profit before tax was stated after crediting :		
Dividend income	6,416	6,475
Net fair value gain on derivatives	24,923	23,309
Interest income and income from short-term fund placements	11,623	22,396
Rental income	1,131	2,182
Profit before tax was stated after charging :		
Allowance for doubtful debts and receivables written off	218	(386)
Depreciation and amortisation	(34,745)	(71,805)
Net foreign exchange loss	(5,142)	(13,345)
Interest expense	(5,391)	(11,318)

## B6. Tax expense

	Individual Quarter 3 months ended 30-Jun-18 RM'000	Cumulative Quarter 6 months ended 30-Jun-18 RM'000
Taxation comprises:		
Malaysian operation		
Current income tax	21,830	33,156
Deferred tax	1,428	1,706
	23,258	34,862
Foreign operation		
Current income tax	840	1,700
Deferred tax	776	2,187
	24,874	38,749
(Over)/Underprovision in prior year:		
Current	(2)	(2)
Deferred tax	-	32
	24,872	38,779

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

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## B7. Status of corporate proposals

On 8 May 2018, PPB announced a proposed bonus issue of up to 237,099,976 ordinary shares in PPB ("Bonus Shares") on the basis of one (1) bonus share for every five (5) existing PPB shares held ("Bonus Issue").

The Bonus Issue has been completed following the listing and quotation of 237,099,057 Bonus Shares on the Main Market of Bursa Securities on 27 July 2018.

## B8. Group borrowings

Total Group borrowings as at 30 June 2018 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	44,273	44,273	-
Long-term bank loans (VND)	16,867	16,867	-
Hire purchase financing	368	368	-
Repayments due within the next 12 months	(30,934)	(30,934)	-
	30,574	30,574	-
Short-term bank borrowings			
Bills payable	65,000	-	65,000
Bills payable (IDR)	56,023	-	56,023
Short-term loans	100	-	100
Short-term loans (USD)	228,806	-	228,806
Short-term loans (IDR)	67,680	-	67,680
Short-term loans (VND)	117,417	-	117,417
Hire purchase financing	72	72	-
Current portion of long-term bank borrowings	30,862	30,862	-
	565,960	30,934	535,026
Bank overdrafts	453	-	453
	566,413	30,934	535,479

## B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	As at 30 June 2018	
	Contract /Notional value RM'000	Fair Value - (Liabilities) /Assets RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	51,936	3,576
ii) Forward foreign currency contracts	21,168	635
Total derivative assets		4,211
<u>Derivative financial liabilities</u>		
i) Futures contracts	99,535	2,720
ii) Options contracts	6,848	5,405
Total derivative liabilities		8,125

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 to be 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 commodities 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 forwards 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 2017 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 liabilities

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.

The fair value gain on options for 2Q2018 and 1H2018 amounted to RM2.2 million and RM1.4 million respectively.

The fair value loss on future contracts for 2Q2018 and 1H2018 amounted to RM0.1 million and RM2.7 million respectively.

## **B10. Material litigation**

There was no material litigation as at 22 August 2018.

## **B11. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2018 of 8 sen per share (2017 : Interim single tier dividend of 8 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Thursday, 4 October 2018 to shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 18 September 2018.

A depositor shall qualify for entitlement only in respect of :

- (i) Shares transferred into the depositor's securities account before 4.00pm on Tuesday, 18 September 2018 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

# Quarterly Report

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## B12. Earnings per share

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net profit for the period	304,473	93,195	493,985	431,627
Number of ordinary shares in issue ('000) (Note)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (Sen)	21.40	6.55	34.72	30.34

*Note: Inclusive of bonus shares as explained in B7.*

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

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

There was no qualification in the auditors' report of the preceding annual financial statements.

Kuala Lumpur  
29 August 2018

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

