



PPB GROUP BERHAD

QUARTERLY REPORT

Q3

INVESTOR UPDATE 2018





Dear Shareholders,

RESULTS FOR THE 9 MONTHS OF 2018

We are pleased to announce that PPB Group revenue for 9M2018 was RM3.36 billion, up 6% from 9M2017 at RM3.16 million due to higher revenue from the *Grains & Agribusiness*, *Environmental Engineering & Utilities* as well as *Film Exhibition and Distribution* segments.

Overall Group profit before tax for 9M2018 was RM921 million, 4% higher than that achieved in 9M2017 of RM887 million. The increase was due to higher contribution from Wilmar International Limited of RM682 million compared with RM614 million in 9M2017 as well as higher profits from *Environmental Engineering & Utilities*, *Film Exhibition and Distribution* and *Property* segments.

Profit for the period under review increased to RM867.5 million compared with RM841.5 million in 9M2017. Accordingly, earnings per share for 9M2018 increased to 60.01 sen compared with 57.13 sen achieved in the same period last year.

FROM THE DESK OF THE CHAIRMAN

CORPORATE EXERCISE

PPB's 1 for 5 bonus issue was completed on 27 July 2018 following the listing and quotation of 237,099,057 bonus shares on the Main Market of Bursa Securities.

PROSPECTS FOR THE CURRENT YEAR

Amidst a challenging operating environment and volatile commodity market, the *Grains & Agribusiness* segment is expected to perform satisfactorily due to stronger export demand from flour-based food manufacturers in the final quarter; in addition, the animal feed business is also anticipated to maintain its good performance. Performance of the *Consumer Products* segment will remain stable with more promotional activities and campaigns going into the last quarter of the year. The *Film Exhibition & Distribution* segment will continue to be driven by movie releases and contribution from new cinemas opened in 2017. The *Environmental Engineering & Utilities* segment is expected to perform better with higher contributions from contracts in hand. The on-going sales of the Megah Rise project in Petaling Jaya and improved tenancy from the extended and refurbished Cheras LeisureMall are expected to contribute positively to the *Property* segment.

In summary, the Group's main businesses are expected to perform satisfactorily in FY2018, and the overall Group financial results for the year would depend substantially on Wilmar's business performance.

HAPPENINGS

Golden Screen Cinemas (GSC) Group organised the inaugural Vietnamese Film Festival launched on 14 August 2018 at GSC Pavilion, Kuala Lumpur to coincide with Vietnam's Independence Day on 2 September 2018. Five highly-acclaimed Vietnamese films were screened in selected GSC locations in Peninsular Malaysia.

PPB held its second Press and Analyst Briefing for the year on 4 September 2018 at Shangri-La Hotel, Kuala Lumpur to review the half-year financial results for 2018 and latest developments in the PPB Group.

CSR ACTIVITIES

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

- Hari Raya celebration with the children of Yayasan Chow Kit.
- 40 schools in Muar and Pasir Gudang, both located in the state of Johor were the recipients of PPB's sponsorship for the programme "English for Better Opportunities (EBO)" in collaboration with The Star Media Group. The aim of EBO is to improve students' English language proficiency.
- PPB participated in two charity runs namely, the Bursa Bull Charge 2018 organised by Bursa Malaysia, and The Edge Kuala Lumpur Rat Race 2018 organised by The Edge, a business and financial newspaper. GSC also sent a team of runners for The Edge event.

- GSC partnered with The Star to start the "GSC Junior Movie Club" to encourage English language learning through movies among students in Johor.
- Cheras LeisureMall celebrated National Day 2018 with the tagline "No matter what language you speak or how you say it, we are Malaysians". Visuals of the tagline in the four main languages were displayed in the mall together with the "Rukunegara" to instill patriotism.
- FFM Marketing (FFMM) hosted Massimo Junior Master Chef Workshops 2018 for 48 children with The Star Publications' Kuntum Magazine at FFMM's baking studio in Sungai Buloh.
- In conjunction with Malaysia Day, GSC released their co-produced "PASKAL THE MOVIE" on 27 September 2018, featuring the Royal Malaysian Navy's special elite force.
- Cheras LeisureMall organised its annual lantern-making contest in conjunction with the mid-autumn celebration.
- A fun-filled family day outing at Sunway Lagoon was organised by PPB for 246 staff and family members, to celebrate PPB's 50th Anniversary which fell on 1 November 2018.

GREETINGS

As the year is coming to a close, I 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

10 December 2018

GSC LAUNCHES INAUGURAL VIETNAMESE FILM FESTIVAL

Golden Screen Cinemas' (GSC) inaugural Vietnamese Film Festival (VFF) was launched at GSC Pavilion Kuala Lumpur on 14 August 2018. The week-long festival showcased five highly-acclaimed Vietnamese films at several GSC locations in Peninsular Malaysia from 23 to 29 August 2018. The VFF was held in conjunction with Vietnam's Independence Day on 2 September. Film festivals are usually championed by foreign missions in Malaysia as an effort to promote their respective countries and culture through films. VFF 2018 is unlike other film festivals, as it was wholly-organised by GSC's group of companies. The five Vietnamese films featured were handpicked by the GSC group's distribution arm, GSC Movies, and supported by Galaxy Media & Entertainment, GSC's business counterpart in Vietnam.





PRESS AND ANALYST BRIEFING

On 4 September 2018, about 66 analysts and fund managers from various local research houses and securities firms, as well as representatives from the local press attended PPB's Press and Analyst Briefing at the Shangri-La Hotel, Kuala Lumpur. This briefing reviewed the half-year financial results for 2018, and the latest developments in the Group.

Key management was at hand to answer questions leading to an active and informative Q&A session. A separate press conference was held thereafter followed by lunch.





PPB CELEBRATES HARI RAYA WITH THE CHILDREN OF YAYASAN CHOW KIT



On 5 July 2018, PPB staff celebrated Hari Raya with 48 children from Yayasan Chow Kit (YCK) at their centre in Jalan Chow Kit, Kuala Lumpur with their favourite fast food for lunch and some fun games.

The children were each given a goodie bag whilst the centre received household items and groceries from PPB. PPB also paid the centre's rental for the month.

Established in 2006, YCK was co-founded by Dr Hartini Zainuddin and Raja Azizan Suhaimi Raja Abd Latiff. YCK provides meals, activities, educational programmes and other services for children from poor or single-parent families, refugees; as well as underprivileged, abused, and neglected children living around the Chow Kit area.

PPB SPONSORS STUDENTS FOR “ENGLISH FOR BETTER OPPORTUNITIES” PROGRAMME

PPB sponsored 40 primary and secondary schools in Muar and Pasir Gudang (both in Johor state) for The Star’s “English for Better Opportunities (EBO)” programme to improve their English language proficiency. Under the EBO, each school is given 17 issues of “Step Up” and 31 issues of “Newspaper-in-Education” (NIE) a year. Two interactive workshops each were held for the teachers on 2 and 25 July 2018, and for students on 3 and 26 July 2018 in Muar and Pasir Gudang respectively, to guide them on the EBO programme.





PPB GROUP PARTICIPATES IN THE EDGE KUALA LUMPUR RAT RACE

Inspired by the Carey Wall St Rat Race in New York, The Edge Kuala Lumpur Rat Race is regarded as one of the highlights in Corporate Malaysia’s annual calendar. On 31 July this year, PPB and GSC participated in the charity run at Padang Merbok, Kuala Lumpur. Five participants from PPB and seven from GSC including GSC’s Chief Executive, Ms Koh Mei Lee, took time off from their busy schedules to give it a go. Ms Koh emerged as the first female CEO to complete the run. The Race was not only a time for staff to bond but also to support a worthy cause that goes towards helping the needy as well as nation–building, as part of the donation went towards Tabung Harapan Malaysia.



LEARNING ENGLISH WITH GSC JUNIOR MOVIE CLUB



The GSC Junior Movie Club programme is an ongoing partnership with the Star Media Group to encourage English language learning amongst students in the state of Johor. On 18 August 2018, the first of three screenings kicked off with Christopher Robin, which saw a multitude of students accompanied by teachers and parents at GSC Paradigm Mall, Johor Bahru. Junior Movie Club films are selected based on the book versions, as it provides better visual storytelling and delivers a more immersive, fun and accessible English language-driven programme. The Star Media Group NiE also hosted the children in the cinema hall with a plethora of language activities and quizzes before the screening.



NATIONAL DAY CELEBRATION AT CHERAS LEISUREMALL

As part of the National Day 2018 celebrations, Cheras Leisuremall unveiled the tagline - **“No matter what language you speak or how you say it, we are all Malaysians”** to foster greater unity among all races in the country. The tagline is in line with the 2018 National Day theme “Sayangi Malaysiaku” (Love My Malaysia).

Visuals carrying the tagline in four languages - Malay, Mandarin, Tamil and English were displayed throughout the mall from mid-August to September 2018, to help instil the spirit of patriotism in shoppers. Shoppers were invited to visit the link bridges at levels 1 and 2 of Cheras LeisureMall where the “Rukunegara”, the five national principles, was displayed for public viewing.



MASSIMO KUNTUM JUNIOR CHEF WORKSHOP 2018

FFM Marketing Sdn Bhd (FFMM) hosted the Massimo Junior Master Chef Workshops 2018 in collaboration with The Star Publications' Kuntum Magazine on 8 September and 6 October 2018.

The workshops held at FFMM's baking studio in Sungai Buloh were conducted by a celebrity chef, Sherson Lian. A total of 48 children attended the workshops. The children enjoyed themselves learning simple yet delicious recipes with Massimo products being part of the ingredients.





GSC CELEBRATES MALAYSIA DAY WITH PASKAL THE MOVIE



In conjunction with the Malaysia Day celebration, PASKAL THE MOVIE, a title co-produced by GSC, was released nationwide on 27 September. This film marks our country's first local title focused on the Royal Malaysian Navy's special elite force, known as PASKAL (Pasukan Khas Laut). PASKAL THE MOVIE provided audiences with an insight into the sacrifices made by our men in uniform, as well as their part in keeping Malaysia's borders safe.

MID-AUTUMN FESTIVAL LANTERN-MAKING CONTEST

Cheras LeisureMall celebrated the mid-autumn festival from 2 to 30 September 2018 with the theme “Moonlit Blossoms of Mid-autumn”. Over 1,000 floral-themed lanterns were created and submitted by shoppers and students from primary schools and art schools for the lantern-making contest and displayed at the mall, showcasing the participants’ artistic talent and ideas. Cash and cash vouchers from Cheras LeisureMall, and gifts from OSIM with a combined value of over RM100,000 were given away as prizes.

This year’s mid-autumn celebration focused on the art of lantern-making as an effort to preserve a tradition that has existed for centuries and promote a spirit of togetherness. The mall also prepared a line-up of activities for shoppers to enjoy with their families and loved ones, comprising an archery activity, Chinese Craft & Goodies Giveaway, and workshops on lantern and mooncake-making.





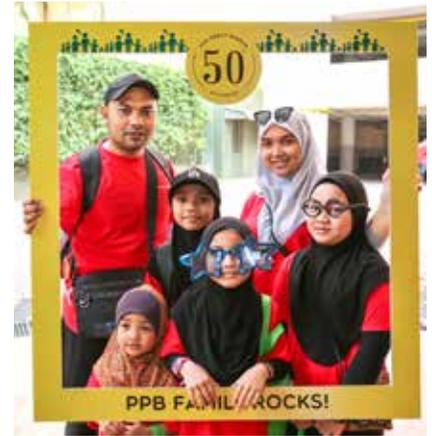
PPB participated in a charity run, Bursa Bull Charge 2018 on 27 September 2018, organised by Bursa Malaysia to raise funds for 22 beneficiary organisations held at Bursa Malaysia, Exchange Square, Kuala Lumpur. For the first time, four PPB staff participated in the 5-km Corporate Challenge. Ms Koh Mei Lee represented PPB under the 1.5 km CEO/C-Suite Run, and was the fastest runner under the Veteran Women Category, winning the first prize.

BURSA BULL CHARGE 2018



PPB50 FAMILY DAY

As part of PPB's 50th Anniversary celebrations, PPB organised a family day outing at Sunway Lagoon, Petaling Jaya on 29 September 2018, attended by 246 staff and family members. The fun-filled day-long outing started with breakfast at the Surf Deck followed by a welcome speech from our Managing Director, Mr Lim Soon Huat and a line-up of telematches for staff and family members at the beach. After lunch, the much awaited lucky draws left every happy staff walking away with a gift. PPB staff also explored the six attractive parks in Sunway Lagoon with their family members for the rest of the day.





SHARE ANALYSIS

The FBM KLCI recovered strongly in the third quarter, increasing by 6.0% to close at 1,793.2 points as at end-September (end-June 2018: 1,691.5 points). The improved performance during the period was mainly due to active buying from domestic institutional investors, driven by improved clarity on the status of major infrastructure projects, higher crude oil prices and positive earnings results in selected large-cap companies. Externally, however, investor sentiments continued to be affected by lingering downside risks, resulting in non-resident outflows of RM1.7 billion during the period.

[Source : Bank Negara Malaysia website]

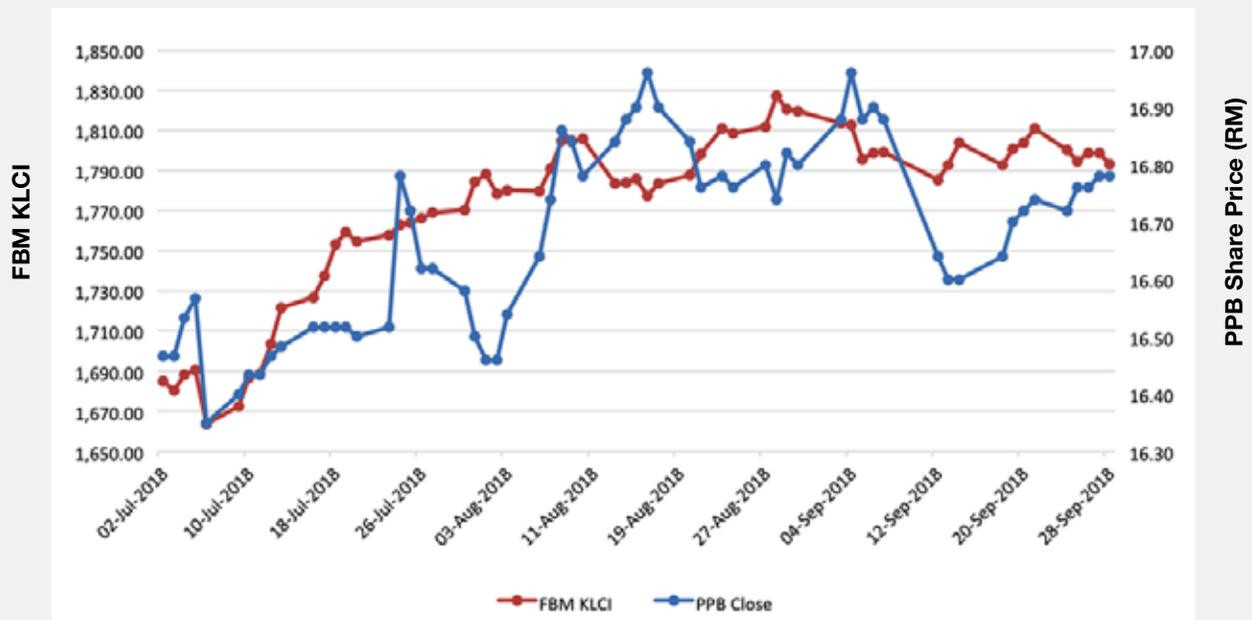
PPB shares closed at RM16.78 compared with RM16.40 in the preceding quarter and market capitalisation increased to RM23,865 million. The average daily volume of PPB shares traded during the quarter decreased by 43.60% to 683,994 shares.

Share Analysis

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	3Q2018	2Q2018	% change
PPB share price (RM)			
Closing price (high)	16.96	16.75	1.25%
Closing price (low)	16.35	15.35	6.51%
Month end closing price	16.78	16.40	2.32%
Share price weighted by volume	16.69	16.21	2.96%
Market capitalisation (RM' million)	23,865	23,331	2.29%
PPB share trading volume (Number of shares)			
Daily volume (high)	2,341,300	3,134,281	-25.30%
Daily volume (low)	74,400	185,880	-59.97%
Average daily volume	683,994	1,212,678	-43.60%
FBM KLCI			
FBM KLCI closing (high)	1,826.90	1,895.18	-3.60%
FBM KLCI closing (low)	1,663.86	1,665.68	-0.11%
FBM KLCI quarter end closing	1,793.15	1,691.50	6.01%
FBM KLCI volume (Number of shares)			
Daily volume (high)	319,986,100	757,565,800	-57.76%
Daily volume (low)	82,240,300	71,803,700	14.53%
Average daily volume	126,166,783	172,937,510	-27.04%

FBM KLCI & PPB SHARE PRICE MOVEMENTS IN 3Q2018



Group Financial Highlights

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Financial period/year ended (All figures in RM million)	9 months		Change %	12 months
	30.09.18	30.09.17 (restated)		31.12.17 (restated)
INCOME STATEMENT				
Revenue	3,364	3,160	6.5	4,292
Profit before tax	921	887	3.8	1,273
Profit attributable to owners of the parent	854	813	5.0	1,186
STATEMENT OF FINANCIAL POSITION				
Non-current assets	19,662	19,656	0.0	19,558
<u>Current assets</u>				
Cash, bank balances, deposits and short-term fund placements	1,419	1,314	8.0	1,339
Others	1,632	1,642	(0.6)	1,809
Total current assets	3,051	2,956	3.2	3,148
Total assets	22,713	22,612	0.4	22,706
<u>Equity</u>				
Share capital	1,429	1,192	19.9	1,192
Reserves	19,442	19,630	(1.0)	19,524
Equity attributable to owners of the parent	20,871	20,822	0.2	20,716
Non-controlling interests	676	689	(1.9)	676
Total equity	21,547	21,511	0.2	21,392
<u>Non-current liabilities</u>				
Long-term bank borrowings	26	47	(44.7)	36
Others	95	92	3.3	92
Total non-current liabilities	121	139	(12.9)	128
<u>Current liabilities</u>				
Short-term bank borrowings	476	538	(11.5)	745
Others	569	424	34.2	441
Total current liabilities	1,045	962	8.6	1,186
Total liabilities	1,166	1,101	5.9	1,314
Total equity and liabilities	22,713	22,612	0.4	22,706

Group Financial Highlights

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

		9 months		12 months
		30.09.18	30.09.17 (restated)	31.12.17 (restated)
RATIOS				
Return on equity attributable to owners of the parent (annualised)	(%)	5.5	5.2	5.7
Earnings per share	(sen)	60.0	57.1	83.3
Interest coverage	(times)	55.2	47.7	51.9
Total borrowings/Equity	(%)	2.3	2.7	3.7
Long-term borrowings/Equity	(%)	0.1	0.2	0.2
Net assets per share attributable to owners of the parent *	(RM)	14.7	14.6	14.6
Net dividend per share	(sen)	8.0	8.0	30.0
STOCK MARKET INFORMATION				
Share price #	(RM)	16.78	14.05	14.37
Market capitalisation	(RM million)	23,878	19,993	20,449
PE ratio (annualised)	(times)	21.0	18.4	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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JULY 2018

- 10** PPB announced that the ordinary resolution to approve the Bonus Issue tabled at the Extraordinary General Meeting of the Company held on 10 July 2018 was passed by shareholders.
- 26** RHB Investment Bank Berhad (“RHB”), on behalf of PPB, announced that 237,099,057 Bonus Shares would be listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 27 July 2018.
- 27** RHB, on behalf of PPB, announced that the Bonus Issue had been completed following the listing and quotation of 237,099,057 Bonus Shares on the Main Market of Bursa Securities on 27 July 2018.

AUGUST 2018

- 15** PPB announced that the quarterly report for the 2nd quarter ended 30 June 2018 would be released on 29 August 2018.
- 29** Release of PPB’s quarterly report for the 2nd quarter ended 30 June 2018.
- 29** PPB Board declared the payment of an interim single tier dividend of 8 sen per share for financial year ending 31 December 2018 (“Interim Dividend”).
- The Interim Dividend was paid on 4 October 2018 to shareholders appearing in the Record of Depositors at the close of business on 18 September 2018.

SEPTEMBER 2018

- 7** PPB announced the additional proportionate contributions to the charter capital of the following entities by Glowland Limited (“Glowland”), an indirect 100%-owned subsidiary of PPB held via FFM Berhad :
- a) VFM-Wilmar Flour Mills Company Limited, a 51%-subsidiary of Glowland; and
 - b) Meizan CLV Corporation Limited, a 50%-associate of Glowland.

Quarterly Report

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Condensed Consolidated Income Statements For The Period Ended 30 September 2018

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Revenue	1,136,493	1,075,928	3,364,047	3,159,524
Operating expenses	(1,097,726)	(1,035,422)	(3,233,776)	(3,030,250)
Other operating income, gains and losses	17,022	53,563	64,970	95,459
Share of net profits less losses of associates	324,102	318,100	739,465	677,913
Share of profit of joint venture	1,323	1,243	3,367	3,128
Finance costs	(5,791)	(6,706)	(17,109)	(19,111)
Profit before tax	375,423	406,706	920,964	886,663
Tax expense	(14,709)	(8,438)	(53,488)	(45,118)
Profit for the period	360,714	398,268	867,476	841,545
Attributable to :				
Owners of the parent	359,773	381,168	853,757	812,795
Non-controlling interests	941	17,100	13,719	28,750
Profit for the period	360,714	398,268	867,476	841,545
Basic earnings per share (sen)	25.29	26.79	60.01	57.13

(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 SEPTEMBER 2018

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

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2018 RM'000	2017 RM'000 (restated)	2018 RM'000	2017 RM'000 (restated)
Profit for the period	360,714	398,268	867,476	841,545
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	(108,523)	53,926	(220,881)	208,959
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	401,776	(278,476)	340,690	(1,025,841)
Share of associates' other comprehensive income/(loss)	(280,282)	74,880	(448,299)	402,305
Total comprehensive income	373,685	248,598	538,986	426,968
Attributable to :				
Owners of the parent	371,528	234,593	535,013	410,256
Non-controlling interests	2,157	14,006	3,973	16,712
Total comprehensive income	373,685	248,598	538,986	426,968

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

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Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000 (restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,301,517	1,344,173
Investment properties	240,904	217,711
Biological assets	3,546	3,616
Goodwill	73,704	73,704
Other intangible assets	12,927	9,232
Land held for property development	86,260	86,209
Investment in associates	17,382,626	17,036,921
Investment in joint venture	57,877	61,595
Financial assets available-for-sale	501,653	722,221
Deferred tax assets	1,006	2,225
	19,662,020	19,557,607
Current Assets		
Inventories	689,953	815,569
Biological assets	16,360	18,716
Other intangible assets	1,281	8,337
Property development costs	14,139	6,294
Receivables	888,897	932,291
Derivative financial instruments	3,948	17
Current tax assets	17,902	18,086
Cash, bank balances, deposits and short-term fund placements	1,418,613	1,339,143
	3,051,093	3,138,453
Assets classified as held for sale	271	10,163
	3,051,364	3,148,616
TOTAL ASSETS	22,713,384	22,706,223
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,192,215
Reserves	19,441,326	19,523,793
Equity attributable to owners of the parent	20,870,640	20,716,008
Non-controlling interests	676,456	676,005
Total equity	21,547,096	21,392,013

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Condensed Consolidated Statements Of Financial Position (Cont'd)

	As at 30-Sep-18 RM'000	As at 31-Dec-17 RM'000 (restated)
Non-current Liabilities		
Long-term borrowings	25,929	35,974
Deferred tax liabilities	95,565	91,871
	121,494	127,845
Current Liabilities		
Payables	549,670	433,687
Derivative financial instruments	8,333	337
Short-term borrowings	475,938	744,749
Current tax liabilities	10,683	6,107
	1,044,624	1,184,880
Liabilities associated with assets classified as held for sale	170	1,485
	1,044,794	1,186,365
Total liabilities	1,166,288	1,314,210
TOTAL EQUITY AND LIABILITIES	22,713,384	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)

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

	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 2018											
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)	-	-	-	(66,237)	(220,881)	6,171	(41,452)	857,412	535,013	3,973	538,986
Transfer of reserves	-	-	-	-	-	-	1,022	(1,022)	-	-	-
Issuance of bonus shares	237,099	-	-	-	-	-	-	(237,099)	-	-	-
Expenses for issuance of bonus shares	-	-	-	-	-	-	-	(228)	(228)	-	(228)
Dividends	-	-	-	-	-	-	-	(374,618)	(374,618)	(4,700)	(379,318)
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	7,030	7,030
Acquisition of shares in an existing subsidiary	-	-	-	-	-	-	-	851	851	(5,852)	(5,001)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(6,386)	(6,386)	-	(6,386)
At 30 September 2018	1,492,314	-	-	2,915,152	71,238	23,817	162,547	16,268,572	20,870,640	676,456	21,547,096
9 months ended 30 September 2017											
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)	-	-	-	(720,737)	208,959	68,312	40,927	812,795	410,256	16,712	426,968
Transfer of reserves	-	-	-	-	-	-	5,622	(5,622)	-	-	-
Transfer pursuant to Companies Act 2016	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(20,308)	(316,683)
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 September 2017	1,192,215	-	-	3,581,465	218,401	3,678	151,818	15,674,419	20,821,996	689,455	21,511,451

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

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

	9 months ended 30 September	
	2018 RM'000	2017 RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	920,964	886,663
Adjustments :		
Non-cash items	(636,565)	(563,857)
Non-operating items	(26,611)	(23,399)
Operating profit before working capital changes	257,788	299,407
Working capital changes :-		
Net change in current assets	82,981	(110,423)
Net change in current liabilities	146,141	34,837
Cash generated from operations	486,910	223,821
Tax paid	(43,983)	(81,181)
Net cash generated from operating activities	442,927	142,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(114,045)	(131,709)
Proceeds from disposal of property, plant and equipment and assets held for sale	13,834	36,392
Purchase of investments	(95,141)	(20,707)
Dividends received	383,277	272,109
Income from short-term fund placements	23,445	9,360
Interest received	10,030	11,593
Repayment from associates	70,807	68,460
Distribution of profits from joint venture	5,142	3,843
Other investing activities	3,408	4,208
Net cash generated from investing activities	300,757	253,549

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

	9 months ended 30 September	
	2018 RM'000	2017 RM'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(275,558)	84,400
Interest paid	(17,036)	(19,286)
Dividends paid	(379,318)	(316,683)
Other financing activities	(228)	-
Shares issued to non-controlling interests of a subsidiary	7,030	-
Net cash used in financing activities	(665,110)	(251,569)
Net increase in cash and cash equivalents	78,574	144,620
Cash and cash equivalents brought forward	1,338,663	1,177,203
Effect of exchange rate changes	828	(8,093)
Cash and cash equivalents carried forward	1,418,065	1,313,730
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	271,586	281,838
Bank deposits	244,962	330,711
Short-term fund placements	902,065	701,739
Bank overdrafts	(548)	(558)
	1,418,065	1,313,730

**(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 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 nine months ended 30 September 2017, there was a negative effect on the adoption of the above MFRS to the consolidated profit before tax and net profit after tax, which amounted to RM17.2 million and RM16.9 million respectively.

The effects on adoption of the above MFRS on the 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
Non-current Assets			
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
Current Assets			
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
Total assets	22,888,126	(181,903)	22,706,223
Equity			
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
Non-current liabilities			
Deferred tax liabilities	91,857	14	91,871
Other non-current liabilities	35,974	-	35,974
	127,831	14	127,845
Current liabilities			
Payables	433,401	286	433,687
Other current liabilities	752,678	-	752,678
	1,186,079	286	1,186,365
Total liabilities	1,313,910	300	1,314,210
TOTAL EQUITY AND LIABILITIES	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 first nine months ended 30 September 2018, a final 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 September 2018 is as follows :

Business segments: <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Inter-segment elimination	Total
REVENUE									
External revenue	2,223,886	485,348	396,741	148,918	32,700	6,533	69,921	-	3,364,047
Inter-segment sales	96,172	2,018	-	-	1,387	-	10,723	(110,300)	-
Total revenue	2,320,058	487,366	396,741	148,918	34,087	6,533	80,644	(110,300)	3,364,047
RESULTS									
Segment results	88,826	11,281	49,688	10,755	9,342	6,533	3,243	-	179,668
Share of associates' profits less losses	53,401	(4,505)	3,259	(1,705)	6,998	-	682,017	-	739,465
Share of joint venture's profit	-	-	-	3,367	-	-	-	-	3,367
Interest income									9,888
Income from short-term fund placements									23,707
Finance costs									(17,109)
Unallocated corporate expenses									(18,022)
Profit before tax									920,964
ASSETS									
Segment assets	2,229,609	430,656	333,918	123,374	376,658	536,815	65,341	(316)	4,096,054
Investment in associates	482,826	28,865	194,071	47,708	261,642	-	16,367,514	-	17,382,626
Investment in joint venture	-	-	-	57,877	-	-	-	-	57,877
Bank deposits and short-term fund placements									1,147,027
Tax assets									18,908
Other unallocated corporate assets									10,892
Total assets									22,713,384

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, 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.

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- b) Lamlewa Feedmill Sdn Bhd, a dormant 80%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 4 August 2014 pursuant to Section 254(1)(b) of the Companies Act ("CA") 1965, was dissolved on 28 June 2018, and has accordingly ceased to be an indirect subsidiary of PPB.
- c) Affluence Trading Sdn Bhd, a wholly-owned subsidiary of PPB which commenced a members' voluntary winding up on 30 July 2015 pursuant to Section 254(1)(b) of the CA 1965, was dissolved on 26 September 2018, and has accordingly ceased to be a subsidiary of PPB.
- d) Minsec Properties Berhad, a wholly-owned subsidiary of PPB which commenced a members' voluntary winding up on 11 September 2017 pursuant to Section 439(1)(b) of the CA 2016, was dissolved on 7 September 2018, and has accordingly ceased to be a 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 September 2018 were as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	28,398
- not contracted	378,155
	406,553
Other capital commitments	
- contracted	246,386
	652,939

A13. Significant related party transactions

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

	RM'000
Transactions with associates	
- Interest income	2,706
- Sales of goods	1,140
- License fees income	1,636
- Purchase of goods	24,991
Transactions with a subsidiary of the ultimate holding company	
- Sale of goods	8,815
Transactions with subsidiaries of associates	
- Purchase of goods	146,981
- Sale of goods	49,765
- Rental income	2,330
- Security and other service fee expenses	1,985
- Marketing fee income	1,997
- Supervision fee income	1,575
- Charter hire of vessels	38,953

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

The Group reported total revenue of RM1.14 billion in 3Q2018 (3Q2017: RM1.08 billion), up 6% from a year ago. Pre-tax profit of the Group for the quarter was at RM375 million, 8% lower as compared to RM407 million recorded in 3Q2017.

For 9M2018, Group revenue increased by 6% to RM3.36 billion (9M2017: RM3.16 billion), the increase was attributable to higher revenue from *Grains and agribusiness* and *Environmental engineering and utilities* as well as *Film exhibition and distribution* segments.

Group pre-tax profit increased by 4% to RM921 million for the first nine months of 2018 (9M2017: RM887 million). The increase was mainly due to higher contribution from Wilmar International Limited (“Wilmar”) of RM682 million (9M2017: RM614 million), higher profits from *Environmental engineering and utilities*, *Film exhibition and distribution* as well as *Property* segments.

Group financial performance by business segment

	3Q2018	3Q2017	Variance		9M2018	9M2017	Variance	
	RM'000	RM'000 (restated)	RM'000	%	RM'000	RM'000 (restated)	RM'000	%
Revenue								
Grains and agribusiness	780,177	779,818	359	-	2,320,058	2,234,489	85,569	4%
Consumer products	154,229	166,939	(12,710)	(8%)	487,366	509,827	(22,461)	(4%)
Film exhibition and distribution	147,645	107,779	39,866	37%	396,741	355,413	41,328	12%
Environmental engineering and utilities	55,959	22,845	33,114	>100%	148,918	67,786	81,132	>100%
Property	11,421	10,273	1,148	11%	34,087	31,285	2,802	9%
Investments and Other operations	23,205	33,664	(10,459)	(31%)	87,177	105,831	(18,654)	(18%)
Inter-segment elimination	(36,143)	(45,390)	9,247		(110,300)	(145,107)	34,807	
Total revenue	1,136,493	1,075,928	60,565	6%	3,364,047	3,159,524	204,523	6%
Segment results								
Grains and agribusiness	15,376	66,964	(51,588)	(77%)	88,826	123,305	(34,479)	(28%)
Consumer products	1,284	7,471	(6,187)	(83%)	11,281	26,017	(14,736)	(57%)
Film exhibition and distribution	23,549	6,805	16,744	>100%	49,688	42,953	6,735	16%
Environmental engineering and utilities	3,577	258	3,319	>100%	10,755	2,819	7,936	>100%
Property	4,914	590	4,324	>100%	9,342	4,805	4,537	94%
Investments and Other operations	1,006	4,822	(3,816)	(79%)	9,776	7,499	2,277	30%
Total segment results	49,706	86,910	(37,204)	(43%)	179,668	207,398	(27,730)	(13%)
Share of profits less losses from associates and joint venture	325,425	319,342	6,083	2%	742,832	681,039	61,793	9%
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	292	454	(162)	(36%)	(1,536)	(1,774)	238	13%
Profit before tax	375,423	406,706	(31,283)	(8%)	920,964	886,663	34,301	4%

Grains and agribusiness

Segment revenue remained relatively unchanged at RM780 million in 3Q2018, as higher sales of flour was offset by lower sales of animal feed. However, segment profit was lower at RM15 million (3Q2017: RM67 million), mainly due to higher raw material costs from the flour and feed divisions.

Segment revenue for 9M2018 increased by 4% to RM2.3 billion (9M2017: RM2.2 billion) on the back of higher sales volume from all flour mills. However, segment profit was lower by 28% at RM89 million (9M2017: RM123 million), mainly due to higher raw material costs.

Consumer products

Segment revenue decreased by 8% to RM154 million in 3Q2018 (3Q2017: RM167 million), due mainly to lower sales of in-house products. Segment profit was lower at RM1.3 million (3Q2017: RM7.5 million) mainly attributable to lower sale volumes and lower profit margin.

For 9M2018, segment revenue was lower by 4% at RM487 million (9M2017: RM510 million), mainly due to lower sales of in-house and agency products. Segment profit was lower at RM11 million for 9M2018 (9M2017: RM26 million) mainly due to the absence of a one-time gain on sale of land and building of RM8.0 million recorded in 1Q2017 and weaker performance by the bakery division.

Film exhibition and distribution

Segment revenue increased by 37% to RM148 million in 3Q2018 (3Q2017: RM108 million) mainly due to higher contribution from cinemas opened in 2017 and strong performance of local titles. Segment profit increased to RM24 million in 3Q2018 (3Q2017: RM6.8 million) primarily due to strong contribution from film exhibition.

For 9M2018, segment revenue increased by 12% to RM397 million (9M2017: RM355 million), and segment profit increased by 16% to RM50 million (9M2017: RM43 million). This was mainly attributable to contribution from cinemas opened in 2017, higher concession income and screen advertising income.

Environmental engineering and utilities

Segment revenue for 3Q2018 and 9M2018 increased to RM56 million (3Q2017: RM23 million) and RM149 million (9M2017: RM68 million) respectively, mainly attributable to progressive revenue recognised from the water treatment and sewage projects secured in 2017.

Consequently, segment profit was higher at RM3.6 million in 3Q2018 (3Q2017: RM0.3 million) and RM11 million for 9M2018 (9M2017: RM2.8 million) respectively.

Property

Segment revenue was higher at RM11 million in 3Q2018 (3Q2017: RM10 million) and increased by 9% to RM34 million for 9M2018 (9M2017: RM31 million), mainly attributable to higher project management fee income. Segment profit was higher at RM4.9 million in 3Q2018 (3Q2017: RM0.6 million) and RM9.3 million for 9M2018 (9M2017: RM4.8 million), the increase was attributable to higher project management fee income, higher rental income with the mall extension and a one-time gain on sale of vacant land of RM1 million.

Investments and Other operations

The combined segment revenue decreased by 31% in 3Q2018 to RM23 million (3Q2017: RM34 million) and 18% to RM87 million for 9M2018 (9M2017: RM106 million) respectively, this was mainly due to the de-consolidation of Tefel as the company was disposed of in June 2018 and lower dividend income from investments.

In 3Q2018, the combined segment reported a profit of RM1 million (3Q2017: RM4.8 million) due mainly to lower investment income. For 9M2018, the combined segment profit increased to RM9.8 million (9M2017: RM7.5 million) mainly from de-consolidation of results from loss-making Tefel.

Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits increased marginally to RM325 million in 3Q2018 (3Q2017: RM319 million), mainly attributable to an increase in contribution from Wilmar amounting to RM306 million in 3Q2018 (3Q2017: RM291 million).

Profit contribution from Wilmar was at RM682 million for 9M2018 (9M2017: RM614 million), 11% higher from a year ago.

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

	3Q2018	2Q2018	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	15,376	51,829	(36,453)	(70%)
Consumer products	1,284	5,255	(3,971)	(76%)
Film exhibition and distribution	23,549	12,707	10,842	85%
Environmental engineering and utilities	3,577	5,259	(1,682)	(32%)
Property	4,914	2,664	2,250	84%
Investments and Other operations	1,006	8,464	(7,458)	(88%)
Total segment results	49,706	86,178	(36,472)	(42%)
Share of profits less losses from associates and joint venture	325,425	251,655	73,770	29%
Unallocated expenses, finance costs net of interest income and income from short-term fund placements	292	(1,805)	2,097	>100%
Profit before tax	375,423	336,028	39,395	12%

Group pre-tax profit was higher at RM375 million in 3Q2018 (2Q2018: RM336 million) due mainly to:

- higher profit contribution from Wilmar of RM306 million in the current quarter (2Q2018: RM230 million); and
- higher profit from *Film exhibition and distribution* as well as *Property* segments.

B3. Prospects for the current financial year

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q2018: 4.5%), supported by an expansion in domestic demand amid a decline in net exports growth. Private sector expenditure remained the key driver of growth, with private consumption accelerating strongly during the quarter following the zerorisation of the Goods and Services Tax.

Going forward, the Malaysian economy is expected to remain on a steady growth path. Private sector activity will remain the key driver of growth amid the re-prioritisation of public sector expenditure.

Amidst a challenging operating environment and volatile commodity market, the *Grains and agribusiness* segment is expected to perform satisfactorily due to stronger export demand from flour-based food manufacturers in the final quarter; in addition, the animal feed business is also anticipated to maintain its good performance. Performance of the *Consumer products* segment will remain stable with more promotional activities and campaigns going into the last quarter of the year. The *Film exhibition and distribution* segment will continue to be driven by movie releases and contribution from new cinemas opened in 2017. The *Environmental engineering and utilities* segment is expected to perform better with higher contributions from contracts in hand. The on-going sales of the Megah Rise project in Petaling Jaya and improved tenancy from the extended and refurbished Cheras LeisureMall are expected to contribute positively to the *Property* segment.

While the Group's main business segments are expected to perform satisfactorily in FY2018, the overall Group financial results for the year would depend substantially on Wilmar's business performance.

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B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-18 RM'000	Cumulative Quarter 9 months ended 30-Sep-18 RM'000
Profit before tax was stated after crediting :		
Dividend income	58	6,533
Net fair value gain on derivatives	2,675	25,984
Interest income and income from short-term fund placements	11,199	33,595
Rental income	1,147	3,330
Profit before tax was stated after charging :		
Allowance for doubtful debts and receivables written off	(367)	(753)
Depreciation and amortisation	(36,820)	(108,625)
Net foreign exchange loss	(5,340)	(18,687)
Interest expense	(5,791)	(17,109)

B6. Tax expense

	Individual Quarter 3 months ended 30-Sep-18 RM'000	Cumulative Quarter 9 months ended 30-Sep-18 RM'000
Taxation comprises:		
Malaysian operation		
Current income tax	14,522	47,678
Deferred tax	(1,637)	69
	12,885	47,747
Foreign operation		
Current income tax	584	2,284
Deferred tax	3,054	5,241
	16,523	55,272
Overprovision in prior year:		
Current	(204)	(206)
Deferred tax	(1,610)	(1,578)
	14,709	53,488

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

There were no corporate proposals announced but not completed as at 20 November 2018.

B8. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	35,226	35,226	-
Long-term bank loans (VND)	15,658	15,658	-
Hire purchase financing	351	351	-
Repayments due within the next 12 months	(25,306)	(25,306)	-
	25,929	25,929	-
Short-term bank borrowings			
Bills payable (IDR)	127,602	-	127,602
Short-term loans	100	-	100
Short-term loans (USD)	154,602	-	154,602
Short-term loans (IDR)	82,981	-	82,981
Short-term loans (VND)	84,799	-	84,799
Hire purchase financing	73	73	-
Current portion of long-term bank borrowings	25,233	25,233	-
	475,390	25,306	450,084
Bank overdrafts	548	-	548
	475,938	25,306	450,632

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	As at 30 September 2018	
	Contract /Notional value RM'000	Fair Value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	108,518	3,910
ii) Forward foreign currency contracts	20,658	38
Total derivative assets		3,948
<u>Derivative financial liabilities</u>		
i) Futures contracts	37,758	483
ii) Options contracts	5,704	7,836
iii) Forward foreign currency contracts	23,408	15
Total derivative liabilities		8,333

All contracts will mature within one year.

Futures and options contracts

The Group is exposed to market risk mainly from fluctuations in the prices of agricultural commodities, namely wheat and corn which are the key raw materials used in the Group's *Grains and agribusiness* segment. Commodity futures and options contracts are entered into with the objective to mitigate and hedge against the volatility of 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 loss on options for 3Q2018 and 9M2018 amounted to RM3.8 million and RM2.4 million respectively.

The fair value gain on future contracts for 3Q2018 amounted to RM2.2 million, and a loss of RM0.5 million was recorded for 9M2018.

B10. Material litigation

There was no material litigation as at 20 November 2018.

B11. Dividends

An interim dividend of 8 sen per share in respect of financial year ending 31 December 2018 was paid on 4 October 2018.

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

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B12. Earnings per share

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net profit for the period	359,773	381,168	853,757	812,795
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (Sen)	25.29	26.79	60.01	57.13

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
27 November 2018

By Order of the Board
Mah Teck Keong
Company Secretary

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