



# FROM THE DESK OF THE CHAIRMAN

## DEAR SHAREHOLDERS

**W**e are pleased to report that PPB Group Berhad's ("PPB") revenue increased by 4% to RM2.31 billion in 1H2019 due to higher contribution from the *Grains & Agribusiness* and *Film Exhibition & Distribution* segments.

Group pre-tax profit decreased by 15% to RM461 million in 1H2019. The decrease was mainly due to lower contribution from our 18.5% associate, Wilmar International Limited, and lower profits from *Grains & Agribusiness*, *Consumer Products* and *Environmental Engineering & Utilities* segments.

Group profit for the period was lower at RM428 million compared with RM507 million in 1H2018. Accordingly, PPB recorded earnings per share of 28.71 sen for 1H2019 compared with 34.72 sen for 1H2018.

### INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 8 sen per share for the financial year ending 31 December 2019, payable on 2 October 2019 to shareholders whose names appear in the Record of Depositors on 17 September 2019.

### REVIEW OF OPERATIONS

The results of PPB's main business operations for 1H2019 are summarised as follows:

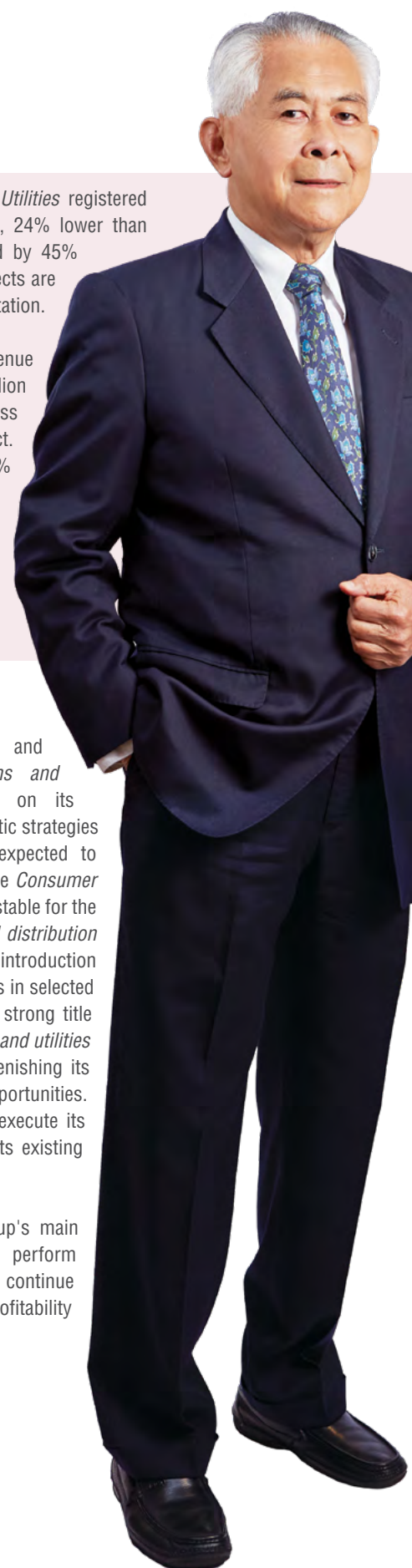
- *Grains & Agribusiness* segment's revenue for 1H2019 increased by 6% to RM1.63 billion due to higher flour sales. Segment profit decreased by 14% to RM85 million mainly due to weaker performance of the feed division.
- *Consumer Products* segment revenue for 1H2019 remained stable at RM332 million. Segment profit declined by 62% to RM3 million for 1H2019 mainly due to lower sales of in-house products; and higher operating costs at the bakery division.
- *Film Exhibition & Distribution* segment revenue was up 8% to RM274 million whilst segment profit increased 34% to RM39 million due to higher contribution from the distribution of Chinese New Year and local Malay movies, as well as release of strong titles.

- The *Environmental Engineering & Utilities* registered segment revenue of RM71 million, 24% lower than 1H2018. Segment profit decreased by 45% to RM7 million as several new projects are only at the initial stage of implementation.
- The *Property* segment revenue increased by 17% to RM29 million mainly attributable to higher progress billings from the Megah Rise project. Segment profit increased by 6% due to a one-time gain on sale of land and building of RM5 million which was offset by the lower contribution from mall operations as well as lower profit from property development.

### PROSPECTS FOR 2019

Notwithstanding a volatile commodity and foreign exchange market, the *Grains and agribusiness* segment will capitalise on its established market position and synergistic strategies to remain resilient. The segment is expected to perform satisfactorily. Performance of the *Consumer products* segment is expected to remain stable for the rest of the year. The *Film exhibition and distribution* segment is expected to be supported by introduction of new cinematic technology and facilities in selected locations, opening of new cinemas and strong title releases. The *Environmental engineering and utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities. The *Property* segment will continue to execute its existing projects and improve yield of its existing investment properties.

For the current financial year, the Group's main business segments are expected to perform satisfactorily. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.



## FROM THE DESK OF THE CHAIRMAN

### HAPPENINGS

In May 2019, Massimo launched a limited edition premium bread loaf, Massimo Kurma and Milk Loaf to good response.

GSC announced its tie-up with GDC Technology Limited to launch “GoGoCinema”, the first Cinema-on-Demand platform in Malaysia. GoGoCinema allows customers to crowd-source for public screening or opt for private screening, a movie selected from a vast content library of different genres for screening on date and time as well as at the cinema of customer's choice.

GSC also announced a strategic partnership with VAR Live, a leading virtual reality (VR) entertainment provider, to launch VAR Box at GSC cinemas. VAR Box is a dedicated game simulation booth which brings VR to more people in a smaller footprint.

The 2019 Hungarian Film Fiesta 2.0 was successfully held at GSC International Screens in KL Pavilion, Gurney Plaza, Penang and CityOne Megamall, Kuching.

PPB's 50<sup>th</sup> Annual General Meeting was held at the Shangri-La Hotel, Kuala Lumpur on 17 May 2019. At the meeting, shareholders were briefed on the Group's performance and financial results for the year ended 31 December 2018.



### CSR ACTIVITIES

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

- Sponsorship by PPB of 20 orang asli youth for a 12-month programme at SOLS Academy of Innovation which provides holistic skills and tools to needy youth in Malaysia.
- PPB celebrated Hari Raya with 19 urban poor families in the Cheras DBKL flats by providing food for Buka Puasa and RM400 supermarket cash vouchers.
- Cheras LeisureMall was the venue for a 3-day art programme by Biebobu Debbie Art House to raise awareness of issues faced by needy children.
- Cheras LeisureMall also jointly organised a KwangsiCare Health Carnival with the Youth Division of Kwangsi Association of Selangor and Kuala Lumpur which included a blood donation drive besides many other health activities.

### GREETINGS

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

**Tan Sri Datuk Oh Siew Nam**

*Chairman*

10 September 2019

## 1H2019

### Revenue



**RM2.31** Billion

increased by **4%** compared with 1H2018.

### Pre-tax Profit



**RM461** Million

decreased **15%** compared with 1H2018.

### Earnings per share



**28.71** Sen



# HAPPENINGS

## MASSIMO KURMA AND MILK LOAF – THE FIRST OF ITS KIND IN MALAYSIA



Massimo launched a new premium loaf variant, Massimo Kurma and Milk Loaf in May 2019.

The milk loaf uses imported Middle Eastern dates which leaves a caramel-like aroma and taste on the palate. This limited edition product presently retails at RM4.50 per loaf.



## GSC AND GDC TECHNOLOGY TO INTRODUCE CINEMA-ON-DEMAND WITH GOGOCINEMA



At CineEurope 2019, Golden Screen Cinemas Sdn Bhd (GSC) announced that it will be working with GDC Technology Limited, a leading global digital cinema solutions provider, to launch Malaysia's very first Cinema-On-Demand platform – "GoGoCinema"



Dr. Chong and Ms. Koh held up the MOU signed at CineEurope 2019, announcing GSC and GDC Technology's intent to bring GoGoCinema to Malaysia

GoGoCinema enables customers to search for movies to watch from a huge content library, packed with a variety of movies across different genres. Once a movie is selected, the customer can select a theatre, date, and time most suitable from the options available. GSC customers will be able to select either a crowd-sourced public screening or a private screening option – giving them control of the choice, convenience, and customization of their movie-going experience. GoGoCinema is expected to be available by end-2019.

## HAPPENINGS

VIRTUAL REALITY COMES  
TO GSC CINEMAS

A participant trying out the new VAR BOX, which comes with realistic weighted VR Guns



At launch, two interactive shooter games - Over Kill & Double Tap – will be available on the VAR BOXes at GSC. These games will feature leaderboards and online multiplayer capabilities.



GSC announced that it will be introducing virtual reality (VR) offerings in its cinemas. Through a strategic partnership with a leading VR entertainment provider, VAR LIVE, GSC will launch VAR BOXes in its theatres, as part of an effort to create new and enriching cinematic experiences that customers can enjoy.

A dedicated simulation booth format, the VAR BOX is designed to bring virtual reality to audiences in a smaller footprint. Powered by Oculus VR technology, these VAR BOXes come equipped with realistic weighted VR Guns that help deliver unparalleled realism. GSC's VAR BOXes will be launched in the Klang Valley in end-October 2019, and as part of the collaboration, GSC will be the only cinema chain in the country where VAR BOXes will be available.



## HAPPENINGS

# 2019 HUNGARIAN FILM FIESTA 2.0 LAUNCH IN MALAYSIA 2019



From Left: Mr Lionel Loh (Senior Marketing manager of GSC), Dr Titanilla Toth (Deputy Head of Mission from Hungarian Embassy), His Excellency Attila Kali (Ambassador of Hungary in Malaysia) and wife, Madam Nora, Dr Balazs Orban (Deputy Minister from the Prime Minister's Office of Hungary) and Hungarian Film Fiesta 2.0 guest during the launch in GSC Pavilion KL.



After a successful Inaugural Hungarian Film Fiesta last year which garnered nearly 72% occupancy, The Embassy of Hungary in Kuala Lumpur replicated the success for 2019 Hungarian Film Fiesta 2.0.

From one sole location in GSC Pavilion KL, the Hungarian Film Fiesta 2.0 was extended to GSC Gurney Plaza, Penang and GSC CityOne Megamall, Kuching this year.

2019 also marks the 50<sup>th</sup> anniversary of the diplomatic relations between Hungary and Malaysia, making it a very special year for Malaysians and Hungarians. What better way to celebrate this milestone and making the Hungarian culture more accessible to Malaysians with Hungarian films on the big screen in these regions.



VVIPs of the Hungarian Film Fiesta 2.0 in the Gold Class Lounge during the launch in GSC Pavilion KL

## HAPPENINGS

# 50<sup>TH</sup> ANNUAL GENERAL MEETING



The 50<sup>th</sup> Annual General Meeting (“AGM”) of PPB Group Berhad was held on 17 May 2019 at the Shangri-La Hotel, Kuala Lumpur.

At the AGM, the Chief Financial Officer read out the Company’s reply to a letter from the Minority Shareholder Watchdog Group for the benefit of members present. The Managing Director subsequently presented a summary of PPB’s main businesses and performance highlights.

The Chairman and management then proceeded to deal with questions raised by members relating to the Group’s performance and results for the financial year ended 31 December 2018.

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.

# CSR ACTIVITIES

## PPB SPONSORS 20 ORANG ASLI FOR EDUCATION AT SOLS

**>** *As part of PPB's initiative to empower the indigenous community, PPB sponsored 20 youths from several orang asli settlements in the states of Perak and Kedah to pursue a 12-month programme at SOLS Academy of Innovation.*

The programme is designed to help prepare them for the workforce and includes English Language, mathematics, personal development, IT technician course, solar system installation and maintenance and Google applications.

SOLS 24/7 Foundation is an international NGO that is committed to serve, educate and empower poor and under-served communities through various education and social empowerment programmes. To date, they have trained over 325,000 students and established over 200 training centres in six countries.



## HARI RAYA CELEBRATION WITH FAMILIES IN CHERAS

**>** *In conjunction with the Hari Raya Aidilfitri celebration, PPB staff visited 19 needy urban families living in DBKL flats in the Cheras area on 30 May 2019.*

The majority of them are single-parent homes and their household income is certainly insufficient to cover monthly expenses. PPB gave each family some food for buka puasa and RM400 cash vouchers to purchase Hari Raya goodies from their neighbourhood supermarket.



## CSR ACTIVITIES

### CHARITY CHILDREN ART EXHIBITION BY BIEBOBU

> *In support of children from needy communities, Cheras LeisureMall sponsored the venue for a 3-day art exhibition programme by Biebobu Debbie Art House to raise awareness on issues affecting children from communities experiencing extreme poverty and injustice.*

The programme which was held from 30 May to 1 June 2019 included activities such as a postcard art workshop, canvas art workshop, educational sharing on scribblings by children, and artwork charity sales.



### BLOOD DONATION CAMPAIGN



> *On 30 June 2019, Cheras LeisureMall and the Youth Division of Kwangsi Association of Selangor and Kuala Lumpur jointly organised the KwangsiCare Health Carnival 2019 at the Concourse, Level 2 LeisurePlex of the Mall.*

Besides the blood donation drive, the other health activities during the carnival were a free clinic conducted by the Chinese Medical Department of Tung Shin Hospital, complimentary health and dental check-up, organ donation campaign as well as some challenges to test one's physical strength.

# SHARE ANALYSIS

*Towards the end of the quarter, the performance of domestic bond and equity markets were lifted by a recovery in investor sentiments. In June, expectations of monetary policy easing by major central banks led to an improvement in global investor risk appetite, which spurred a recovery in non-resident portfolio inflows. As a result, the FBM KLCI increased by 1.7% in the second quarter to close at 1,672.1 points as at end-June (end-March 2019: 1,643.6 points) and the 3-year, 5-year and 10-year MGS yields declined by 8.5, 10.8 and 12.3 basis points, respectively.*

*[Source: Bank Negara Malaysia website]*

PPB shares closed at RM18.70 compared with RM18.32 in the preceding quarter and market capitalisation increased to RM26,610 million. The average daily volume of PPB shares traded during the quarter decreased by 19.52% to 632,970 shares.

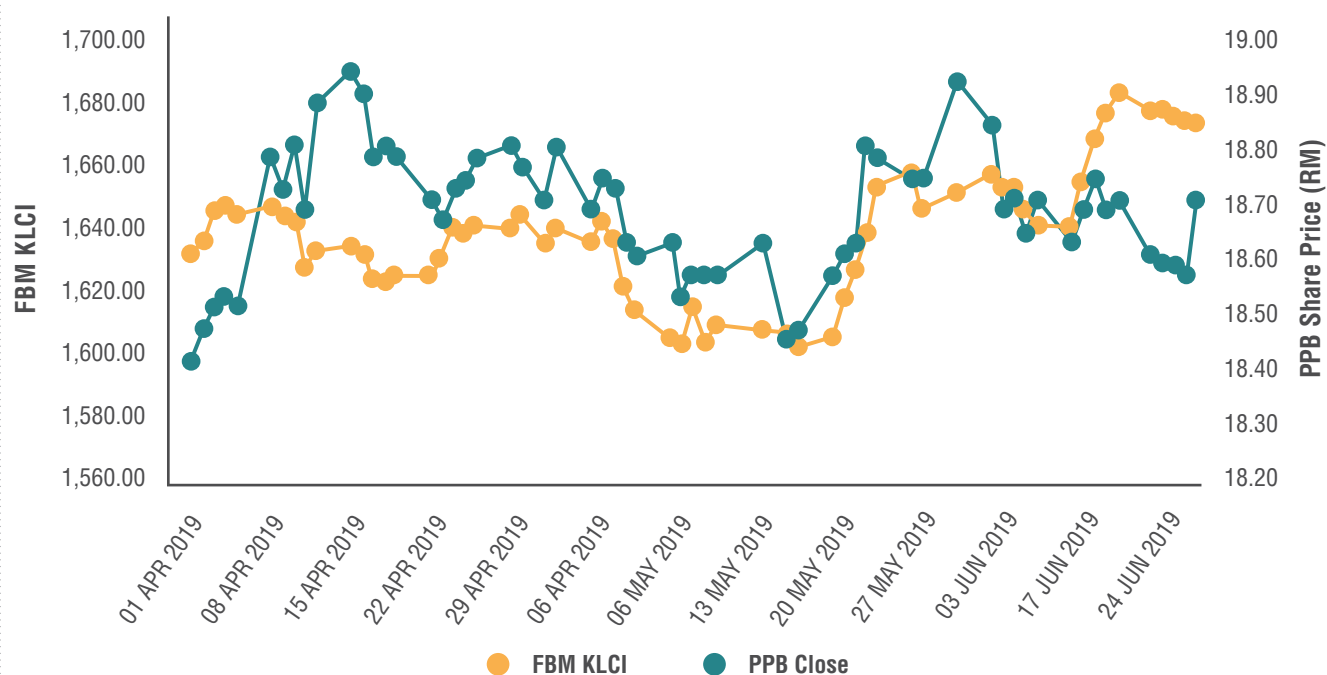


	2Q2019	1Q2019	% change
<b>PPB share price (RM)</b>			
Closing price (high)	<b>18.94</b>	18.98	<b>(0.21)</b>
Closing price (low)	<b>18.40</b>	17.18	<b>7.10</b>
Month end closing price	<b>18.70</b>	18.32	<b>2.07</b>
Weighted share price	<b>18.66</b>	18.03	<b>3.49</b>
Market capitalisation (RM' million)	<b>26,610</b>	26,069	<b>2.07</b>
<b>PPB share trading volume (Number of shares)</b>			
Daily volume (high)	<b>2,753,300</b>	3,100,700	<b>(11.20)</b>
Daily volume (low)	<b>144,000</b>	146,800	<b>(1.91)</b>
Average daily volume	<b>632,970</b>	786,466	<b>(19.52)</b>
<b>FBM KLCI</b>			
FBM KLCI closing (high)	<b>1,682.23</b>	1,730.68	<b>(3.75)</b>
FBM KLCI closing (low)	<b>1,598.32</b>	1,641.33	<b>0.37</b>
FBM KLCI quarter end closing	<b>1,672.13</b>	1,643.63	<b>(2.78)</b>
<b>FBM KLCI volume (Number of shares)</b>			
Daily volume (high)	<b>396,040,200</b>	242,811,600	<b>(54.39)</b>
Daily volume (low)	<b>63,436,800</b>	49,247,200	<b>(3.30)</b>
Average daily volume	<b>115,458,652</b>	123,092,298	<b>(10.59)</b>





## FBM KLCI & PPB Share Price Movements in 2Q2019





# GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)	6 months		12 months	
	30-Jun-19	30-Jun-18	Change %	31-Dec-18
<b>INCOME STATEMENT</b>				
Revenue	2,309	2,228	3.6	4,528
Profit before tax	461	546	(15.4)	1,168
Profit attributable to owners of the parent	408	494	(17.4)	1,075
<b>STATEMENT OF FINANCIAL POSITION</b>				
Non-current assets	20,198	19,454	3.8	20,106
<u>Current assets</u>				
Cash and cash equivalents	1,282	1,281	0.1	1,391
Others	1,719	1,674	2.7	1,748
Total current assets	3,001	2,955	1.6	3,139
<b>Total assets</b>	<b>23,199</b>	<b>22,409</b>	<b>3.5</b>	<b>23,245</b>
<u>Equity</u>				
Share capital	1,429	1,192	19.9	1,429
Reserves	19,767	19,427	1.8	19,611
Equity attributable to owners of the parent	21,196	20,619	2.8	21,040
Non-controlling interests	720	667	7.9	697
Total equity	21,916	21,286	3.0	21,737
<u>Non-current liabilities</u>				
Borrowings	11	31	(64.5)	21
Others	312	95	>100	319
Total non-current liabilities	323	126	>100	340
<u>Current liabilities</u>				
Borrowings	472	566	(16.6)	468
Others	488	431	13.2	700
Total current liabilities	960	997	(3.7)	1,168
Total liabilities	1,283	1,123	14.2	1,508
<b>Total equity and liabilities</b>	<b>23,199</b>	<b>22,409</b>	<b>3.5</b>	<b>23,245</b>

## Group Financial Highlights

Financial period/year ended		6 months		12 months
		30-Jun-19	30-Jun-18	31-Dec-18
<b>RATIOS</b>				
Return on equity attributable to owners of the parent (annualised)	(%)	<b>3.8</b>	4.8	5.1
Earnings per share	(sen)	<b>28.7</b>	34.7	75.6
Interest cover	(times)	<b>26.6</b>	50.6	35.4
Debt to equity	(times)	<b>0.02</b>	0.03	0.02
Net assets per share	(RM)	<b>14.9</b>	14.5	14.8
Dividend per share				
- Interim	(sen)	<b>8.0</b>	8.0	8.0
- Final	(sen)	-	-	20.0
<b>STOCK MARKET INFORMATION</b>				
Share price	(RM)	<b>18.70</b>	16.40	17.58
Market capitalisation	(RM million)	<b>26,610</b>	23,337	25,016

# ANNOUNCEMENTS

## April 2019

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- PPB announced the issue of the Notice of the 50th Annual General Meeting (“AGM”) of the Company dated 19 April 2019.
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- a) Issue of PPB's 2018 Annual Report and Corporate Governance Report.
  - b) Issue of the Circular to Shareholders dated 19 April 2019 in relation to the following:
    - proposed shareholders' mandate for recurrent related party transactions;
    - proposed renewal of authority for PPB to purchase its own ordinary shares; and
    - proposed adoption of a new Company Constitution.
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## May 2019

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- PPB announced that the quarterly report for the 1st quarter ended 31 March 2019 would be released on 29 May 2019.
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- PPB announced that all the resolutions tabled at the 50th AGM held on 17 May 2019 were passed by shareholders of the Company.
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- PPB announced that Keen Trade Limited, an indirect 100%-owned subsidiary of PPB held through FFM Berhad, has been struck off from the Register of Companies by the Registrar of Corporate Affairs of the British Virgin Islands on 1 May 2019.
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- Release of PPB's quarterly report for the 1st quarter ended 31 March 2019.
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# CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

	2 <sup>nd</sup> Quarter ended 30 June		First Half ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	<b>1,152,835</b>	1,082,432	<b>2,309,221</b>	2,227,554
Operating expenses	<b>(1,114,282)</b>	(1,035,845)	<b>(2,219,836)</b>	(2,136,050)
Operating profit	<b>38,553</b>	46,587	<b>89,385</b>	91,504
Other operating income, other gains net of losses	<b>19,507</b>	43,177	<b>43,701</b>	47,949
Share of profits less losses of associates	<b>131,869</b>	250,639	<b>345,269</b>	415,363
Share of profits of joint venture	<b>701</b>	1,016	<b>905</b>	2,044
Finance costs	<b>(9,238)</b>	(5,391)	<b>(18,006)</b>	(11,318)
Profit before tax	<b>181,392</b>	336,028	<b>461,254</b>	545,542
Tax expense	<b>(15,214)</b>	(24,872)	<b>(33,133)</b>	(38,779)
Profit for the period	<b>166,178</b>	311,156	<b>428,121</b>	506,763
Attributable to:				
Owners of the parent	<b>159,976</b>	304,473	<b>408,424</b>	493,985
Non-controlling interests	<b>6,202</b>	6,683	<b>19,697</b>	12,778
Profit for the period	<b>166,178</b>	311,156	<b>428,121</b>	506,763
Basic earnings per share (sen)	<b>11.25</b>	21.40	<b>28.71</b>	34.72

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

	2 <sup>nd</sup> Quarter ended 30 June		First Half ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the period	166,178	311,156	428,121	506,763
Other comprehensive income/(loss), net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value losses on investments in equity instruments designated as fair value through other comprehensive income	(40,779)	(17,084)	(31,806)	(112,358)
Share of associates' other comprehensive income	22,272	-	12,858	-
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	202,974	709,971	2,223	(61,086)
Share of associates' other comprehensive (loss)/income	(128,110)	(346,607)	52,181	(168,017)
Total comprehensive income	222,535	657,436	463,577	165,302
Attributable to:				
Owners of the parent	216,042	650,743	440,403	163,486
Non-controlling interests	6,493	6,693	23,174	1,816
Total comprehensive income	222,535	657,436	463,577	165,302

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

# CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30-Jun-19 RM'000	As at 31-Dec-18 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,270,989	1,292,431
Investment properties	254,747	243,380
Right-of-use assets	207,020	223,142
Biological assets	3,831	3,804
Goodwill	73,704	73,704
Other intangible assets	12,802	12,241
Land held for property development	101,938	101,525
Investment in associates	17,705,027	17,551,604
Investment in joint venture	53,110	57,017
Amount due from an associate	8,811	8,604
Other investments	502,289	534,069
Deferred tax assets	3,339	4,052
	<b>20,197,607</b>	<b>20,105,573</b>
<b>Current Assets</b>		
Inventories	837,909	892,023
Biological assets	20,269	21,980
Other intangible assets	50	50
Property development costs	14,460	13,790
Receivables	817,859	793,336
Derivative financial assets	3,666	498
Current tax assets	19,948	20,899
Cash and cash equivalents	1,281,948	1,391,164
	<b>2,996,109</b>	<b>3,133,740</b>
Assets classified as held for sale	5,084	5,350
	<b>3,001,193</b>	<b>3,139,090</b>
<b>TOTAL ASSETS</b>	<b>23,198,800</b>	<b>23,244,663</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,429,314	1,429,314
Reserves	19,766,643	19,610,760
Equity attributable to owners of the parent	21,195,957	21,040,074
Non-controlling interests	719,971	696,797
<b>Total equity</b>	<b>21,915,928</b>	<b>21,736,871</b>



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

	As at 30-Jun-19 RM'000	As at 31-Dec-18 RM'000
<b>Non-current Liabilities</b>		
Borrowings	10,544	20,857
Lease obligations	221,764	232,604
Deferred tax liabilities	90,271	86,460
	<b>322,579</b>	339,921
<b>Current Liabilities</b>		
Payables	444,344	654,167
Derivative financial liabilities	1,306	470
Borrowings	471,948	468,068
Lease obligations	28,837	32,469
Current tax liabilities	13,479	12,150
	<b>959,914</b>	1,167,324
Liabilities associated with assets classified as held for sale	379	547
	<b>960,293</b>	1,167,871
<b>Total Liabilities</b>	<b>1,282,872</b>	1,507,792
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,198,800</b>	23,244,663

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

		← Non-distributable →			← Distributable →				
	Share capital 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>First half ended 30 June 2019</b>									
At 1 January 2019	1,429,314	2,883,511	68,512	(9,949)	224,442	16,444,244	21,040,074	696,797	21,736,871
Total comprehensive income/(loss)	-	10,319	(31,806)	32,284	21,182	408,424	440,403	23,174	463,577
Transfer of reserves	-	-	(5)	-	9,057	(9,052)	-	-	-
Dividends	-	-	-	-	-	(284,520)	(284,520)	-	(284,520)
At 30 June 2019	1,429,314	2,893,830	36,701	22,335	254,681	16,559,096	21,195,957	719,971	21,915,928
<b>First half ended 30 June 2018</b>									
At 1 January 2018	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 (loss)/income	-	(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

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2019

	6 months ended 30 June	
	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	461,254	545,542
Adjustments:		
Non-cash items	(265,080)	(344,815)
Non-operating items	(15,530)	(19,736)
Operating profit before working capital changes	180,644	180,991
Working capital changes:		
Net change in current assets	36,498	80,988
Net change in current liabilities	(212,468)	27,116
Cash generated from operations	4,674	289,095
Tax paid	(26,168)	(26,716)
<b>Net cash (used in)/generated from operating activities</b>	<b>(21,494)</b>	<b>262,379</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(60,296)	(73,768)
Proceeds from disposal of property, plant and equipment	5,094	13,408
Purchase of investments	(25)	(90,136)
Proceeds from disposal of investments	388	-
Dividends received	268,126	260,888
Income received from short-term fund placements	16,272	15,299
Interest received	4,748	6,854
Repayment from associates	296	32,866
Distribution of profit from joint venture	4,848	3,372
Other investing activities	2,431	2,260
<b>Net cash generated from investing activities</b>	<b>241,882</b>	<b>171,043</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(11,080)	(191,461)
Interest paid	(12,764)	(11,470)
Dividends paid	(284,520)	(265,510)
Payment of lease obligations	(21,605)	(21,754)
<b>Net cash used in financing activities</b>	<b>(329,969)</b>	<b>(490,195)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(109,581)</b>	<b>(56,773)</b>
Cash and cash equivalents brought forward	1,390,711	1,338,663
Effect of exchange rate changes	634	(1,171)
<b>Cash and cash equivalents carried forward</b>	<b>1,281,764</b>	<b>1,280,719</b>
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	163,776	281,224
Bank deposits	128,576	217,213
Short-term fund placements	989,596	782,735
Bank overdrafts	(184)	(453)
	<b>1,281,764</b>	<b>1,280,719</b>

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

# NOTES

## A1. Accounting policies

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

The Group early adopted MFRS 16 Leases in the financial year ended 31 December 2018. Following the adoption of MFRS 16, the Group recognised depreciation of the right-of-use assets and interest on lease liability, instead of lease rental, in the profit or loss. The higher finance cost is attributable to the interest on lease liability.

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 2018 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 2019 :

IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

## A2. Seasonality or cyclicity of interim operations

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

## A3. Exceptional or unusual items

There were no exceptional or unusual items for the financial period ended 30 June 2019.

## A4. Nature and amount of changes in estimates

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

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

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

## A6. Dividends paid

A final dividend of 20 sen per share in respect of financial year ended 31 December 2018 was paid on 10 June 2019.



## Notes

### A7. Segmental reporting

Performance of the Group's business segments for the financial period ended 30 June 2019 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
<b>REVENUE</b>									
External revenue	1,557,665	330,326	273,817	70,572	28,014	7,205	41,622	-	2,309,221
Inter-segment sales	77,287	1,500	-	128	597	-	145	(79,657)	-
Total revenue	1,634,952	331,826	273,817	70,700	28,611	7,205	41,767	(79,657)	2,309,221
<b>RESULTS</b>									
Segment results	55,068	5,723	35,789	3,435	9,020	8,112	18,635	-	135,782
Share of profits less losses of associates	30,357	(3,059)	3,412	2,611	1,966	-	309,982	-	345,269
Share of profits of joint venture	-	-	-	905	-	-	-	-	905
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(20,702)
Profit before tax	85,425	2,664	39,201	6,951	10,986	8,112	328,617	-	461,254

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

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

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

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

On 1 May 2019, Keen Trade Limited ("KTL"), an indirect 100%-owned inactive subsidiary of PPB held through FFM Berhad was struck off from the Register of Companies by the Registrar of Corporate Affairs of the British Virgin Islands. Accordingly, KTL has ceased to be an indirect subsidiary of PPB.

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

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

## Notes

### A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 30 June 2019 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	36,437
- not contracted	460,754
	497,191
Other commitments	
- contracted	297,132
	794,323

### A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 June 2019 are as follows:

	RM'000
Transactions with associates	
- Film rental income	5,308
- Purchase of goods	15,981
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	5,607
Transactions with subsidiaries of associates	
- Purchase of goods	85,189
- Sales of goods	35,250
- Rental income	1,664
- Security and other service expenses	3,644
- Supervision fee income	1,125
- Charter hire of vessels	58,569

Notes

B1. Performance analysis

Group financial performance by business segment

Business segments: <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments and Other operations	Inter-segment elimination	Total
<b>2Q2019</b>								
<b>REVENUE</b>								
External revenue	764,172	166,247	146,371	35,838	15,361	24,846	-	1,152,835
Inter-segment sales	44,479	1,084	-	64	317	33	(45,977)	-
Total revenue	808,651	167,331	146,371	35,902	15,678	24,879	(45,977)	1,152,835
<b>RESULTS</b>								
Segment results	11,588	2,753	20,476	1,354	6,610	16,685	-	59,466
Share of profits less losses of associates	13,856	(1,746)	951	807	1,561	116,440	-	131,869
Share of profits of joint venture	-	-	-	701	-	-	-	701
Unallocated corporate expenses	-	-	-	-	-	-	-	(10,644)
Profit before tax	25,444	1,007	21,427	2,862	8,171	133,125	-	181,392
<b>2Q2018</b>								
<b>REVENUE</b>								
External revenue	696,499	167,929	126,829	51,425	11,944	27,806	-	1,082,432
Inter-segment sales	31,656	604	-	48	287	121	(32,716)	-
Total revenue	728,155	168,533	126,829	51,473	12,231	27,927	(32,716)	1,082,432
<b>RESULTS</b>								
Segment results	48,560	5,000	13,545	5,898	3,652	16,151	-	92,806
Share of profits less losses of associates	17,246	(1,380)	1,197	1,071	2,054	230,451	-	250,639
Share of profits of joint venture	-	-	-	1,016	-	-	-	1,016
Unallocated corporate expenses	-	-	-	-	-	-	-	(8,433)
Profit before tax	65,806	3,620	14,742	7,985	5,706	246,602	-	336,028
<b>Variance</b>								
Revenue (%)	11%	(1%)	15%	(30%)	28%	(11%)	41%	7%
Profit before tax (%)	(61%)	(72%)	45%	(64%)	43%	(46%)	0%	(46%)

(Certain comparative figures have been reclassified to conform with current year presentation)

Notes

B1. Performance analysis (Cont'd)

Group financial performance by business segment

Business segments: <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments and Other operations	Inter-segment elimination	Total
<b>1H2019</b>								
<b>REVENUE</b>								
External revenue	1,557,665	330,326	273,817	70,572	28,014	48,827	-	2,309,221
Inter-segment sales	77,287	1,500	-	128	597	145	(79,657)	-
Total revenue	1,634,952	331,826	273,817	70,700	28,611	48,972	(79,657)	2,309,221
<b>RESULTS</b>								
Segment results	55,068	5,723	35,789	3,435	9,020	26,747	-	135,782
Share of profits less losses of associates	30,357	(3,059)	3,412	2,611	1,966	309,982	-	345,269
Share of profits of joint venture	-	-	-	905	-	-	-	905
Unallocated corporate expenses	-	-	-	-	-	-	-	(20,702)
Profit before tax	85,425	2,664	39,201	6,951	10,986	336,729	-	461,254
<b>1H2018</b>								
<b>REVENUE</b>								
External revenue	1,475,334	331,952	252,674	93,007	23,423	51,164	-	2,227,554
Inter-segment sales	63,234	1,185	-	96	950	267	(65,732)	-
Total revenue	1,538,568	333,137	252,674	93,103	24,373	51,431	(65,732)	2,227,554
<b>RESULTS</b>								
Segment results	66,169	9,539	27,104	8,270	6,422	24,273	-	141,777
Share of profits less losses of associates	33,113	(2,462)	2,211	2,296	3,913	376,292	-	415,363
Share of profits of joint venture	-	-	-	2,044	-	-	-	2,044
Unallocated corporate expenses	-	-	-	-	-	-	-	(13,642)
Profit before tax	99,282	7,077	29,315	12,610	10,335	400,565	-	545,542
<b>Variance</b>								
Revenue (%)	6%	0%	8%	(24%)	17%	(5%)	21%	4%
Profit before tax (%)	(14%)	(62%)	34%	(45%)	6%	(16%)	0%	(15%)

(Certain comparative figures have been reclassified to conform with current year presentation)



## Notes

### B1. Performance analysis (Cont'd)

#### Current quarter's performance against quarter ended 30 June 2018

The Group recorded total revenue of RM1.15 billion in 2Q2019 (2Q2018: RM1.08 billion), up 7% from a year ago. Pre-tax profit of the Group was at RM181 million, 46% lower as compared to RM336 million recorded in 2Q2018. The lower profit was mainly attributed to the weaker contribution from Wilmar International Limited ("Wilmar") as well as weaker performance from *Grain and agribusiness* segment.

For 1H2019, Group revenue increased by 4% to RM2.31 billion (1H2018: RM2.23 billion) on the back of higher revenue from the *Grains and agribusiness* and *Film exhibition and distribution* segments.

Group pre-tax profit was lower by 15% to RM461 million in 1H2019 (1H2018: RM546 million) attributable to lower contribution from Wilmar at RM310 million (1H2018: RM376 million), and lower profits from the *Grains and agribusiness*, *Consumer products* and *Environmental engineering and utilities* segments.

#### Grains and agribusiness

Segment revenue increased by 11% to RM809 million in 2Q2019 (2Q2018: RM728 million) mainly attributable to improved flour prices, partially offset by lower sales of feed. Profit was lower at RM25 million (2Q2018: RM66 million) due mainly to higher raw material costs.

For the first half of 2019, segment revenue grew by 6% to RM1.63 billion (1H2018: RM1.54 billion). Segment profits were lower by 14% to RM85 million (1H2018: RM99 million) due mainly to weaker performance from animal feed division.

#### Consumer products

Segment revenue for 2Q2019 and 1H2019 remained stable at RM167 million (2Q2018: RM169 million) and RM332 million (1H2018: RM333 million) respectively. Segment profit for 2Q2019 and 1H2019 was lower at RM1 million (2Q2018: RM4 million) and RM3 million (1H2018: RM7 million) respectively. This was mainly attributable to lower sales of in-house products and higher operating costs at the bakery division.

#### Film exhibition and distribution

Segment revenue and profit for 2Q2019 was up by 15% to RM146 million (2Q2018: RM127 million) and 45% to RM21 million (2Q2018: RM15 million) respectively. Strong performance from 2019 blockbusters and theatrical distribution of local titles in 2Q2019 were the contributory factors to the increased profitability.

For 1H2019, segment revenue and segment profit was at RM274 million (1H2018: RM253 million) and RM39 million (1H2018: RM29 million) respectively, mainly attributable to the higher contribution from distribution of Chinese New Year movies and local Malay titles.

#### Environmental engineering and utilities

Segment revenue and segment profit in 2Q2019 was lower at RM36 million (2Q2018: RM51 million) and RM3 million (2Q2018: RM8 million) respectively as several new projects are at the initial stage of implementation.

Consequently, 1H2019 segment revenue and segment profits were lower at RM71 million (1H2018: RM93 million) and RM7 million (1H2018: RM13 million) respectively.

#### Property

Segment revenue for 2Q2019 and 1H2019 was RM16 million (2Q2018: RM12 million) and RM29 million (1H2018: RM24 million) respectively. Segment profit for 2Q2019 and 1H2019 was RM8 million (2Q2018: RM6 million) and RM11 million (1H2018: RM10 million) respectively.

The higher segment revenue was mainly attributable to higher progress billing from the Megah Rise project.

Excluding the one-off gain from sale of land and building of RM5 million (2018: RM1 million), segment profit for 2Q2019 and 1H2019 was at RM3 million (2Q2018: RM5 million) and RM6 million (1H2018: RM9 million) respectively. The lower segment profit was due mainly to lower contribution from mall operations as well as lower profit from property development businesses.

## Notes

### B1. Performance analysis (Cont'd)

#### Investments and Other operations

Combined segment profits were lower at RM133 million in 2Q2019 (2Q2018: RM247 million) and RM337 million (1H2018: RM401 million) respectively. Profit contribution from Wilmar was lower at RM117 million for 2Q2019 (2Q2018: RM230 million) and RM310 million for 1H2019 (1H2018: RM376 million) respectively.

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

Group pre-tax profit was lower at RM181 million in 2Q2019 (1Q2019: RM280 million) due mainly to lower profit contribution from Wilmar at RM117 million (1Q2019: RM193 million).

### B3. Prospects for the current financial year

The Malaysian economy expanded by 4.9% in the second quarter, supported by continued expansion in domestic demand. Growth in the Malaysian economy is expected to remain within 4.3% to 4.8% in 2019, mainly supported by private sector activity. Nonetheless, the outlook is subject to downside risks from global and domestic economic uncertainties, worsening trade tensions and extended weaknesses in commodity-related sectors.

Notwithstanding a volatile commodity and foreign exchange market, the *Grains and agribusiness* segment will capitalise on its established market position and synergistic strategies to remain resilient. The segment is expected to perform satisfactorily. Performance of the *Consumer products* segment is expected to remain stable for the rest of the year. The *Film exhibition and distribution* segment is expected to be supported by introduction of new cinematic technology and facilities in selected locations, opening of new cinemas and strong title releases. The *Environmental engineering and utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities. The *Property* segment will continue to execute its existing projects and improve yield of its existing investment properties.

For the current financial year, the Group's main business segments are expected to perform satisfactorily. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

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

Not applicable.

### B5. Profit before tax

	2 <sup>nd</sup> Quarter ended 30-Jun-19 RM'000	First Half ended 30-Jun-19 RM'000
Profit before tax was stated after charging/(crediting):		
Dividend income	7,162	7,222
Net fair value (loss)/gain on derivatives	(60)	3,110
Net foreign exchange (loss)/gain	(831)	1,117
Interest income and income from short-term fund placements	12,320	23,885
Allowance for doubtful debts and receivables written off	(1,117)	(1,403)
Depreciation and amortisation	(36,783)	(88,335)

## Notes

### B6. Tax expense

	2 <sup>nd</sup> Quarter ended 30-Jun-19 RM'000	First Half ended 30-Jun-19 RM'000
Taxation comprises:		
Malaysian operation		
Current income tax	10,201	22,351
Deferred tax	(22)	469
	10,179	22,820
Foreign operation		
Current income tax	3,325	6,141
Deferred tax	1,631	4,013
	15,135	32,974
Underprovision in prior year:		
Current	79	79
Deferred tax	-	80
	15,214	33,133

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

### B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 22 August 2019.

### B8. Group borrowings

Total Group borrowings as at 30 June 2019 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	18,998	18,998	-
Long-term bank loans (VND)	11,744	11,744	-
Hire purchase financing	296	296	-
Repayments due within the next 12 months	(20,494)	(20,494)	-
	10,544	10,544	-

## Notes

### B8. Group borrowings (Cont'd)

	Total RM'000	Secured RM'000	Unsecured RM'000
Short-term bank borrowings			
Bills payable (IDR)	145,977	-	145,977
Short-term loans	500	-	500
Short-term loans (USD)	95,900	-	95,900
Short-term loans (IDR)	73,732	-	73,732
Short-term loans (VND)	135,161	-	135,161
Hire purchase financing	76	76	-
Current portion of long-term bank borrowings	20,418	20,418	-
	471,764	20,494	451,270
Bank overdrafts	184	-	184
	471,948	20,494	451,454

### B9. Derivative financial instruments

#### (a) Derivative financial assets and financial liabilities

	As at 30 June 2019	
	Contract/ Notional value RM'000	Fair value - Assets/Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	101,910	3,666
Total derivative assets		3,666
<u>Derivative financial liabilities</u>		
i) Options contracts	1,257	999
ii) Forward foreign currency contracts	28,418	307
Total derivative liabilities		1,306

All contracts will mature within one year.



## Notes

### B9. Derivative financial instruments (Cont'd)

#### (a) Derivative financial assets and financial liabilities (Cont'd)

##### Futures and options contracts

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

##### Forward foreign currency contracts

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

There have been no significant changes since the end of the previous financial year ended 31 December 2018 in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
  - (ii) the cash requirements of the derivatives;
  - (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
  - (iv) the related accounting policies.
- (b) Fair value changes of financial instruments
- The derivative financial instruments are recognised at fair value on contract dates and subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in the income statement. Fair value changes are dependent on the market prices of derivatives as at liquidation date and end of reporting period.

For second quarter of 2019, net fair value gain on derivative financial instruments amounted to RM1 million (2Q2018: RM2 million).

For first half of 2019, net fair value gain on derivative financial instruments amounted to RM4 million (1H2018: RM1 million loss).

### B10. Material litigation

There was no material litigations as at 22 August 2019.

### B11. Dividends

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2019 of 8 sen per share (2018: Interim dividend of 8 sen per share) payable on Wednesday, 2 October 2019.

The entitlement and payment dates of the interim dividend are 17 September 2019 and 2 October 2019 respectively.

## Notes

### B12. Earnings per share

	2 <sup>nd</sup> Quarter ended 30 June		First Half ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net profit for the period	<b>159,976</b>	304,473	<b>408,424</b>	493,985
Number of ordinary shares in issue ('000)	<b>1,422,599</b>	1,422,599	<b>1,422,599</b>	1,422,599
Basic earnings per share (sen)	<b>11.25</b>	21.40	<b>28.71</b>	34.72

There were no dilutive potential ordinary shares outstanding as at 30 June 2019 and 30 June 2018. As a result, there were no diluted earnings per share for the financial period ended 30 June 2019 and the previous financial period.

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

The auditors' report for the financial year ended 31 December 2018 was not subject to any qualification.

Kuala Lumpur  
29 August 2019

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



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