



FROM THE DESK OF THE CHAIRMAN

DEAR SHAREHOLDERS

RESULTS FOR THE 9 MONTHS OF 2019

We are pleased to announce that PPB Group revenue for 9M2019 was at RM3.50 billion, up 4% from 9M2018 at RM3.36 billion on the back of higher revenue from the *Grains and Agribusiness*, *Film Exhibition and Distribution* and *Property* segments.

Group profit before tax for 9M2019 was 4% lower at RM883 million compared with 9M2018 due mainly to lower contribution from Wilmar International Limited of RM652 million compared with RM682 million for 9M2018; this was partially offset by higher profits from the *Grains and Agribusiness* segment.

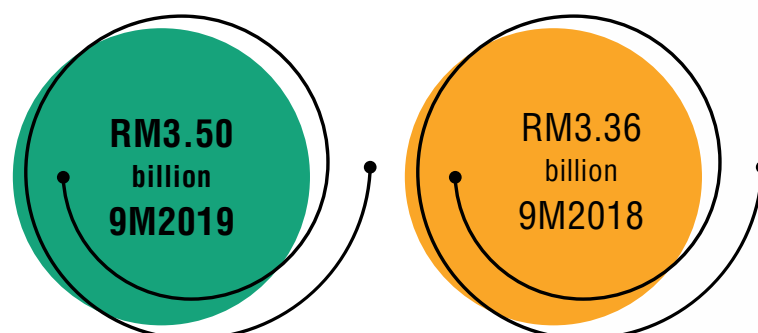
The Group recorded profit for the period of RM833.2 million and earnings per share of 56.42 sen.

PROSPECTS FOR THE CURRENT YEAR

Whilst the grain commodity and foreign exchange market continued to be volatile, and competition remained intense, the *Grains and Agribusiness* segment is expected to perform satisfactorily by capitalising on its established market position and technical strength in maintaining good quality products. Performance of the *Consumer Products* segment is expected to remain stable. *Film Exhibition and Distribution* performance will be driven by strong title releases and new cinemas opening in the Klang Valley and southern regions, as well as introduction of new cinematic technology and facilities. 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.

In summary, the Group's main businesses are expected to perform satisfactorily in FY2019. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

REVENUE



HAPPENINGS

PPB held its second Press and Analyst Briefing for the year on 4 September 2019 at the Shangri-La Hotel, Kuala Lumpur to review the half-year financial results for 2019 and latest developments in PPB Group. On 11 September 2019, PPB conducted a full day in-house directors' training session which was attended by about a hundred directors, senior managers and officers of PPB group companies and affiliates. The content comprised subjects which are topical and relevant to the Group, and aims to keep directors and management abreast with market and regulatory developments, as well as other subjects of interest.

The 16th edition of the Japanese Film Festival was launched at GSC cinemas where 13 acclaimed Japanese films were screened in selected GSC locations in Peninsular Malaysia, Sabah and Sarawak.

We wish to congratulate the managements of FFM Berhad and GSC Group for the awards they received during the quarter under review. FFM received the Silver Award at the inaugural "MEF Employer Excellence Awards 2019" presented by the Malaysian Employers Federation whilst GSC was awarded the prestigious Platinum Award from the Putra Brand Awards.

FROM THE DESK OF THE CHAIRMAN



CSR ACTIVITIES

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

- PPB and FFM jointly set-up a baking studio for youths at Dignity for Children Foundation (Dignity) outfitting it with commercial baking equipment as well as holding a 5-day training program at FFM studio for 16 apprentices from Dignity. On completion of the training, the baking studio managed by Dignity was officially launched on 30 August 2019. Dignity is a learning centre for the underprivileged in Sentul, Kuala Lumpur.
- Cheras LeisureMall organised a lantern-making contest in conjunction with the Mid-Autumn celebration to continue the tradition of lantern-making. The Mall also jointly organised with Niao Shao Qing Youth Club Kuala Lumpur & Selangor, a blood donation drive besides other health activities.
- PPB organised a fun-filled family day outing at Malaysia Agro Exposition Park (MAEPS) in Serdang for 188 staff and family members.
- To encourage staff to keep fit and healthy, 122 staff from the Group participated in Score Marathon – Run the Day, which flagged off at Berjaya Times Square, Kuala Lumpur.

GREETINGS

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

Tan Sri Datuk Oh Siew Nam

Chairman

5 December 2019

HAPPENINGS



On 4 September 2019, about 60 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.

The briefing reviewed the half-year financial results for 2019, and the latest developments in the Group. The key management dealt with questions raised by the attendees during the session, which was followed by lunch.

HAPPENINGS

DIRECTORS' TRAINING



An in-house directors' training programme organised by PPB Corporate Services Sdn Bhd, a wholly-owned subsidiary of PPB was held on 11 September 2019. The training was attended by about 100 participants comprising directors, senior managers and officers of PPB group companies and affiliates.

The session started with a refresher on directors' duties and responsibilities under the Companies Act 2016 ("CA 2016") and other related regulations, by Ms Samantha Tai, Chief Executive Officer of Boardroom Corporate Services (KL) Sdn Bhd. Ms Tai highlighted the impact of CA 2016 on directors' duties and responsibilities, and the introduction of corporate liability provisions under the Malaysian Anti-Corruption Amendment Act 2018.

The programme continued after lunch with a presentation entitled "Anti-Money Laundering in Malaysia" by Mr Leonard Yeoh, a partner in Tay & Partners. Mr Yeoh provided a general overview of The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), and how money laundering affects corporations and individuals. He also shared ways to deal with investigations on money laundering and corruption under the AMLA.

The last item for the day was a talk entitled "Cyber Attacks and You" by Mr Foong Choong Fook, a director of LE Global Services Sdn Bhd. Mr Foong shared with the participants the paradigm shift in cyber-security and cyber-threats, and the implications of recent cyber-security incidents. He also highlighted the challenges faced by organisations today, and how to protect themselves from cyber-threats.

HAPPENINGS



JAPANESE FILM FESTIVAL 2019



The 16th edition of the Japanese Film Festival (JFF) this year saw a total of 13 Japanese titles with a broad collection of current and acclaimed titles across a variety of genres from family to music and comedy. The films were screened in 8 selected GSC cinemas from 5 September to 6 October 2019.

The good selection of movies attracted audiences of all ages and saw a rise in the average attendance of the JFF in 2019. 2019 also marked the 30th anniversary of the establishment of the Japan Foundation Kuala Lumpur ("JFKL"), organiser of the annual JFF event. GSC also specially curated a poster gift to JFKL during the launch event.

The month-long celebration kicked off with the South East Asian premiere of "Little Nights, Little Love" directed by IMAIZUMI Rikiya, on the 3 September 2019 JFF launch (the official Japan release date was on 20 September 2019). JFF 2019 toured the Klang Valley (GSC Mid Valley, GSC 1 Utama, GSC Pavilion KL, GSC NU Sentral); Penang (GSC Gurney Plaza); Johor Bahru (GSC Paradigm Mall JB); Kota Kinabalu (GSC Suria Sabah); and Kuching (GSC CityOne Megamall).



HAPPENINGS



EMPLOYER EXCELLENCE AWARD 2019

➤ FFM Berhad received a Silver Award at the inaugural “MEF Employer Excellence Awards 2019” presented by the Malaysian Employers Federation.

The award is in recognition of the strides made by FFM in the progression and development of its human resources practices; to be at the forefront of talent transformation and spearhead human resource advancement in the Malaysian manufacturing industry.

GSC RECEIVES THE PLATINUM PUTRA BRAND AWARD!



➤ After winning the Gold award in the Entertainment category at the Putra Brand Awards for five years in a row, Golden Screen Cinemas walked away this year with yet another feather in the cap when it received the Platinum award.

The Platinum award is a new achievement that recognises the “best-in-class” brands, reaffirming Golden Screen Cinemas’ positioning as a leading cinema exhibitor in Malaysia, committed to delivering enriching cinema experiences.

CSR ACTIVITIES

OPENING OF BAKE X DIGNITY

> *bake X dignity, a joint CSR project by PPB and FFM was officially launched on 30 August 2019 at Dignity for Children Foundation (Dignity), a learning centre for the underprivileged.*



The joint contribution included the setting up of a baking studio, outfitting it with commercial baking equipment, as well as holding a 5-day training program at FFM Studio for 16 apprentices from Dignity.

bake X is operated by Dignity under its Transformational Enterprise program where students combine academic learning with technical skills, thus enhancing their employability. As of 30 September 2019, *bake X* is also fulfilling a commercial contract to supply chocolate chip cookies and brownies to an external customer, as well as supplying freshly baked products daily to *eat X*, a café also operated by Dignity.

This project, which invests in the lives of youths and provides an avenue for personal transformation for the marginalised and urban poor, is in line with PPB Group's community investment strategy comprising 3 pillars – Social, Environment, and Arts & Culture. It also covers youth education and development, living skills and standards enhancement, environmental awareness and health activities.

CSR ACTIVITIES

MID-AUTUMN CELEBRATION



➤ *The celebration of the Mid-Autumn season at Cheras LeisureMall this year was held from 11 August to 15 September and centred on cultural and heritage preservation to create fond memories for its shoppers.*

Themed “A Mid-Autumn Garden of Paradise”, the mall décor was inspired by the Jade Rabbit, an important folklore character of the Mid-Autumn Festival, which included the display of rabbit lanterns transforming Cheras LeisureMall into a bunny haven!

Hundreds of lanterns created by participants of the lantern-making competitions, “Children’s Creative Lantern Art Contest” and “Jade Rabbit Creative Lantern-making Contest” were displayed around the Mall. These contests are annual events organised by Cheras LeisureMall which were well-received by the public throughout the years. This year, a total of RM129,000 worth of prizes comprising cash prizes as well as Cheras LeisureMall and OSIM cash vouchers were given to the winners. Contestants and their family members were invited to the prize presentation ceremony at the lower ground concourse of Cheras LeisureMall on 15 September 2019. The Mall made the day a remarkable one for the attendees by preparing various game booths as well as spectacular performances by the cast of IMAGINATRICKS.

Lantern-making requires great skill and craftsmanship, and Cheras LeisureMall has been organising lantern-making contests since the 1990s with the aim of preserving traditional heritage by educating and passing on this time-honoured Chinese traditional handicraft to future generations.



CSR ACTIVITIES

BLOOD DONATION CAMPAIGN

> *To raise public awareness about health and well-being, Cheras LeisureMall collaborated with Niao Shao Qing Youth Club Kuala Lumpur & Selangor to organise a blood donation campaign on 22 September 2019.*

The campaign featured activities such as organ donation, cataract examination, eye test, body check-up, free traditional Chinese medicine check-up, and skin test. Held at the level 2 concourse of Cheras LeisureMall, the campaign drew positive response with 194 pints of blood collected.



WALKING FOR ANGRY BIRDS AND POPCORN!



> *The 2019 GSC Popcorn Walk ended on a high note with almost 2,000 excited participants coming out to join in the day's festivities on Sunday, 25 August 2019. Now in its third year, the 5-km Fun Run this year saw families and participants of all ages come together in IOI City Mall, Putrajaya to celebrate their love for popcorn.*

Packed with many activities including mascot appearances, mini-games, giveaways, lucky draws, activities for the whole family, and more, the run also ended with an early screening of the family animated movie – The Angry Birds Movie 2.

CSR ACTIVITIES

PPB FAMILY FUN DAY

➤ On 20 July 2019, PPB held its family fun day at the Malaysia Agro Exposition Park (MAEPS), Serdang which was attended by 188 staff and their family members.



The event started with a hearty breakfast followed by opening remarks by PPB's Managing Director, Mr Lim Soon Huat. Staff and family members participated in PPB Family Race where they competed on games played in the past. These games brought back memories to the older generation and for the younger ones, it was their first time playing them. After the race, participants could either participate in the Agro Hunt, a treasure-hunt challenge or visit the petting zoo, Goat2Go at MAEPS. There were also games stalls and activities such as blowing giant bubbles available at the gathering point to keep staff and their families entertained. There was also a durian feast held after lunch, and the event ended with the prize-giving ceremony, leaving staff with bags of goodies and many good memories of a fun-filled day!

SCORE MARATHON 2019



➤ On 28 July 2019, a total of 122 staff from PPB and its subsidiaries (PPB Group) participated in the SCORE Marathon 2019 - Run the Day event held at Berjaya Times Square, Kuala Lumpur.

PPB Group staff ran under the three categories available at the Run, i.e. 5 km, 10 km and 21 km. The runners ran past iconic landmarks around Kuala Lumpur's Golden Triangle and finished within the time allocated. After the Run, PPB Group staff gathered for some group photographs.

SHARE ANALYSIS

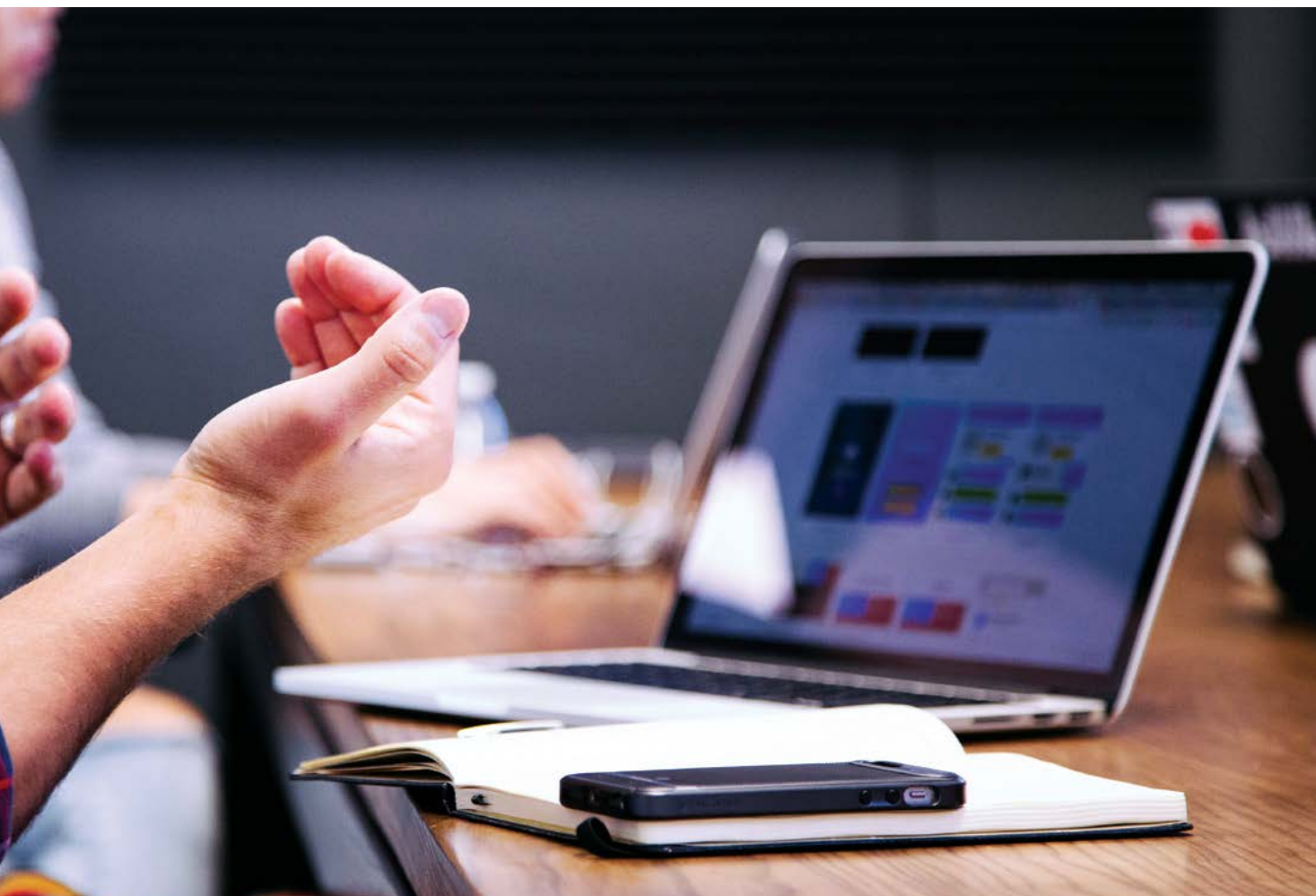
The domestic equity and bond markets experienced diverging performances arising from these global developments. In particular, the FBM KLCI declined by 5.3% to close at 1,584 points at end-September, while the 3-year, 5-year, and 10-year MGS yields declined by 19.3, 19.7 and 29.5 basis points, respectively. The weaker domestic equity market performance was in line with the regional trend, as the heightened global risk aversion weighed down on most emerging market equity indices. However, domestic bond yields trended downwards driven by non-resident inflows into the domestic bond market as heightened global risk aversion led to a shift in preference towards the holding of safer financial assets, such as sovereign bonds. The lower yields were also driven by expectations of synchronised global monetary policy easing. In addition to this, the decision to retain Malaysia in the FTSE Russell World Government Bond Index (WGBI) bolstered bond market sentiments at the end of the quarter.

[Source : Bank Negara Malaysia website]

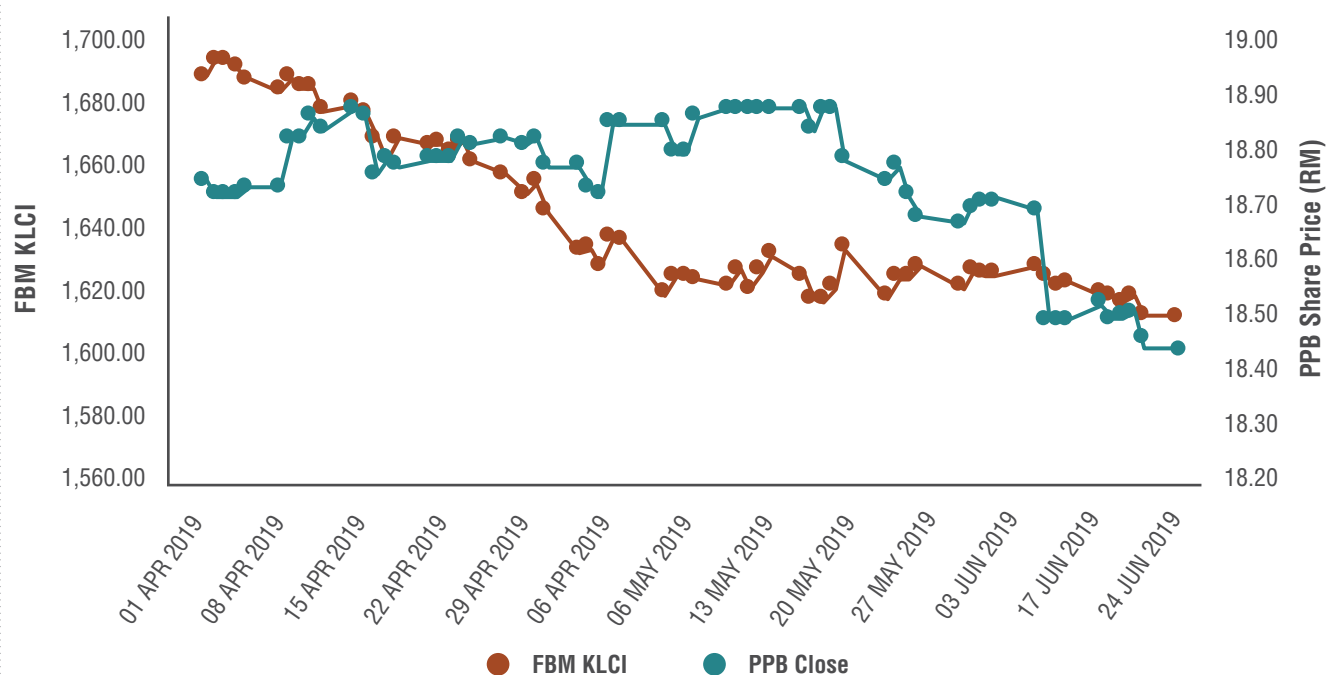
PPB shares closed at RM18.14 compared with RM18.70 in the preceding quarter and market capitalisation decreased to RM25,813 million. The average daily volume of PPB shares traded during the quarter decreased by 2.01% to 620,254 shares.



	3Q2019	2Q2019	% change
PPB share price (RM)			
Closing price (high)	18.80	18.94	-0.74%
Closing price (low)	18.14	18.40	-1.41%
Month end closing price	18.14	18.70	-2.99%
Weighted share price	18.54	18.66	-0.67%
Market capitalisation (RM' million)	25,813	26,610	-2.99%
PPB share trading volume (Number of shares)			
Daily volume (high)	2,656,800	2,753,300	-3.50%
Daily volume (low)	111,300	144,000	-22.71%
Average daily volume	620,254	632,970	-2.01%
FBM KLCI			
FBM KLCI closing (high)	1,691.00	1,682.23	0.52%
FBM KLCI closing (low)	1,583.91	1,598.32	-0.90%
FBM KLCI quarter end closing	1,583.91	1,672.13	-5.28%
FBM KLCI volume (Number of shares)			
Daily volume (high)	377,564,000	396,040,200	-4.67%
Daily volume (low)	73,331,700	63,436,800	15.60%
Average daily volume	118,219,377	115,458,652	2.39%



FBM KLCI & PPB Share Price Movements in 2Q2019



GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)	9 months			12 months
	30-Sep-19	30-Sep-18	Change %	31-Dec-18
INCOME STATEMENT				
Revenue	3,503	3,364	4.1	4,528
Profit before tax	883	921	(4.1)	1,168
Profit attributable to owners of the parent	803	854	(6.0)	1,075
STATEMENT OF FINANCIAL POSITION				
Non-current assets	20,274	19,662	3.1	20,106
<u>Current assets</u>				
Cash and cash equivalents	1,518	1,419	7.0	1,391
Others	1,705	1,632	4.5	1,748
Total current assets	3,223	3,051	5.6	3,139
Total assets	23,497	22,713	3.5	23,245
<u>Equity</u>				
Share capital	1,429	1,429	0.0	1,429
Reserves	19,880	19,442	2.3	19,611
Equity attributable to owners of the parent	21,309	20,871	2.1	21,040
Non-controlling interests	727	676	7.5	697
Total equity	22,036	21,547	2.3	21,737
<u>Non-current liabilities</u>				
Borrowings	6	26	(76.9)	21
Others	307	95	>100	319
Total non-current liabilities	313	121	>100	340
<u>Current liabilities</u>				
Borrowings	482	476	1.3	468
Others	666	569	17.0	700
Total current liabilities	1,148	1,045	9.9	1,168
Total liabilities	1,461	1,166	25.3	1,508
Total equity and liabilities	23,497	22,713	3.5	23,245

Group Financial Highlights

Financial period/year ended		9 months		12 months
		30-Sep-19	30-Sep-18	31-Dec-18
RATIOS				
Return on equity attributable to owners of the parent (annualised)	(%)	5.0	5.5	5.1
Earnings per share	(sen)	56.4	60.0	75.6
Interest cover	(times)	33.7	55.2	35.4
Debt to equity	(times)	0.02	0.02	0.02
Net assets per share	(RM)	15.0	14.7	14.8
Dividend per share	(sen)	8.0	8.0	28.0
STOCK MARKET INFORMATION				
Share price	(RM)	18.14	16.78	17.58
Market capitalisation	(RM million)	25,813	23,878	25,016

ANNOUNCEMENTS

August 2019



- PPB announced that the quarterly report for the 2nd quarter ended 30 June 2019 would be released on 29 August 2019.



- Release of PPB's quarterly report for the 2nd quarter ended 30 June 2019.



- PPB Board declared the payment of an interim dividend of 8 sen per share for financial year ending 31 December 2019 ("Interim Dividend").
- The Interim Dividend was paid on 2 October 2019 to shareholders appearing in the Record of Depositors at the close of business on 17 September 2019.

September 2019



- PPB announced the commencement of a members' voluntary winding up of Premier Cinemas Sdn Bhd, an indirect 100%-owned subsidiary of PPB.

CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	1,193,847	1,136,493	3,503,068	3,364,047
Operating expenses	(1,141,386)	(1,097,726)	(3,361,222)	(3,233,776)
Operating profit	52,461	38,767	141,846	130,271
Other operating income, other gains net of losses	12,009	17,022	55,710	64,970
Share of profits less losses of associates	365,679	324,102	710,948	739,465
Share of profits of joint venture	425	1,323	1,330	3,367
Finance costs	(8,807)	(5,791)	(26,813)	(17,109)
Profit before tax	421,767	375,423	883,021	920,964
Tax expense	(16,696)	(14,709)	(49,829)	(53,488)
Profit for the period	405,071	360,714	833,192	867,476
Attributable to:				
Owners of the parent	394,182	359,773	802,606	853,757
Non-controlling interests	10,889	941	30,586	13,719
Profit for the period	405,071	360,714	833,192	867,476
Basic earnings per share (sen)	27.71	25.29	56.42	60.01

(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 SEPTEMBER 2019

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the period	405,071	360,714	833,192	867,476
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	(73,199)	(108,523)	(105,005)	(220,881)
Share of associates' other comprehensive income	(25,355)	-	(12,497)	-
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	228,752	401,776	230,975	340,690
Share of associates' other comprehensive loss	(285,440)	(280,282)	(233,259)	(448,299)
Total comprehensive income	249,829	373,685	713,406	538,986
Attributable to:				
Owners of the parent	240,803	371,528	681,206	535,013
Non-controlling interests	9,026	2,157	32,200	3,973
Total comprehensive income	249,829	373,685	713,406	538,986

(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-Sep-19 RM'000	As at 31-Dec-18 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,272,654	1,292,431
Investment properties	258,249	243,380
Right-of-use assets	198,409	223,142
Biological assets	3,742	3,804
Goodwill	73,704	73,704
Other intangible assets	9,515	12,241
Land held for property development	100,076	101,525
Investment in associates	17,865,722	17,551,604
Investment in joint venture	50,622	57,017
Amount due from an associate	8,915	8,604
Other investments	429,184	534,069
Deferred tax assets	2,967	4,052
	20,273,759	20,105,573
Current Assets		
Inventories	814,942	892,023
Biological assets	20,763	21,980
Other intangible assets	50	50
Property development costs	15,950	13,790
Receivables	834,164	793,336
Derivative financial assets	2,494	498
Current tax assets	11,493	20,899
Cash and cash equivalents	1,518,369	1,391,164
	3,218,225	3,133,740
Assets classified as held for sale	5,084	5,350
	3,223,309	3,139,090
TOTAL ASSETS	23,497,068	23,244,663
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	19,880,497	19,610,760
Equity attributable to owners of the parent	21,309,811	21,040,074
Non-controlling interests	726,601	696,797
Total equity	22,036,412	21,736,871

Condensed Consolidated Statements Of Financial Position (Cont'd)

	As at 30-Sep-19 RM'000	As at 31-Dec-18 RM'000
Non-current Liabilities		
Borrowings	5,538	20,857
Lease obligations	215,130	232,604
Deferred tax liabilities	92,138	86,460
	312,806	339,921
Current Liabilities		
Payables	624,347	654,167
Derivative financial liabilities	5,556	470
Borrowings	481,611	468,068
Lease obligations	27,142	32,469
Current tax liabilities	8,815	12,150
	1,147,471	1,167,324
Liabilities associated with assets classified as held for sale	379	547
	1,147,850	1,167,871
Total Liabilities	1,460,656	1,507,792
TOTAL EQUITY AND LIABILITIES	23,497,068	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 SEPTEMBER 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
9 months ended 30 September 2019									
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 (loss)/income	-	(20,459)	(105,005)	1,516	2,548	802,606	681,206	32,200	713,406
Transfer of reserves	-	-	(5)	-	9,219	(9,214)	-	-	-
Dividends	-	-	-	-	-	(398,328)	(398,328)	(2,396)	(400,724)
Changes in equity interest in an associate	-	-	-	-	-	(13,141)	(13,141)	-	(13,141)
At 30 September 2019	1,429,314	2,863,052	(36,498)	(8,433)	236,209	16,826,167	21,309,811	726,601	22,036,412
9 Months ended 30 September 2018									
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	-	(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 a subsidiary	-	-	-	-	-	851	851	(5,852)	(5,001)
Changes in equity interest in an associate	-	-	-	-	-	(6,386)	(6,386)	-	(6,386)
At 30 September 2018	1,429,314	2,915,152	71,238	23,817	162,547	16,268,572	20,870,640	676,456	21,547,096

(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 SEPTEMBER 2019

	9 months ended 30 September	
	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	883,021	920,964
Adjustments:		
Non-cash items	(580,273)	(636,565)
Non-operating items	(22,222)	(26,611)
Operating profit before working capital changes	280,526	257,788
Working capital changes:		
Net change in current assets	47,205	82,981
Net change in current liabilities	(146,616)	64,985
Cash generated from operations	181,115	405,754
Tax paid	(36,929)	(43,983)
Net cash generated from operating activities	144,186	361,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(94,017)	(114,045)
Proceeds from disposal of property, plant and equipment and assets held for sale	5,145	13,834
Purchase of investments	(25)	(95,141)
Proceeds from disposal of investments	388	-
Dividends received	376,519	383,277
Income received from short-term fund placements	25,176	23,445
Interest received	6,995	10,030
Repayment from associates	542	70,807
Distribution of profit from joint venture	7,587	5,142
Other investing activities	3,647	3,408
Net cash generated from investing activities	331,957	300,757
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(10,673)	(275,558)
Interest paid	(19,781)	(17,036)
Dividends paid	(286,916)	(265,510)
Payment of lease obligations	(32,839)	(32,652)
Other financing activities	-	(228)
Shares issued to non-controlling interests of a subsidiary	-	7,030
Net cash used in financing activities	(350,209)	(583,954)
Net decrease in cash and cash equivalents	125,934	78,574
Cash and cash equivalents brought forward	1,390,711	1,338,663
Effect of exchange rate changes	1,331	828
Cash and cash equivalents carried forward	1,517,976	1,418,065
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	329,564	271,586
Bank deposits	150,027	244,962
Short-term fund placements	1,038,778	902,065
Bank overdrafts	(393)	(548)
	1,517,976	1,418,065

(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 September 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

Perfomance of the Group's business segments for the financial period ended 30 September 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 and Other operations	Inter-segment elimination	Total
REVENUE								
External revenue	2,366,153	484,240	408,647	131,070	42,599	70,359	-	3,503,068
Inter-segment sales	117,559	2,329	-	192	917	240	(121,237)	-
Total revenue	2,483,712	486,569	408,647	131,262	43,516	70,599	(121,237)	3,503,068
RESULTS								
Segment results	86,007	7,100	52,395	9,229	10,579	37,268	-	202,578
Share of profits less losses of associates	53,311	(4,634)	2,865	4,031	2,719	652,656	-	710,948
Share of profits of joint venture	-	-	-	1,330	-	-	-	1,330
Unallocated corporate expenses	-	-	-	-	-	-	-	(31,835)
Profit before tax	139,318	2,466	55,260	14,590	13,298	689,924	-	883,021

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

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

A9. Changes in the composition of the Group

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

A10. Changes in contingent liabilities or contingent assets

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

Notes

A11. Capital and other commitments

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

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	34,906
- not contracted	516,815
	551,721
Other commitments	
- contracted	301,194
Total	852,915

A12. Significant related party transactions

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

	RM'000
Transactions with associates	
- Film rental income	5,459
- Sales of goods	1,251
- Purchase of goods	25,522
Transactions with a subsidiary of the ultimate holding company	
- Supervision fee income	1,329
- Sales of goods	12,657
- Purchase of goods	1,100
Transactions with subsidiaries of associates	
- Purchase of goods	128,636
- Sales of goods	76,841
- Rental income	2,507
- Security and other service expenses	5,635
- Supervision fee income	1,732
- Charter hire of vessels	88,042

Notes

B1. Performance analysis

Group financial performance by business segment

Business segments: All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments and Other operations	Inter-segment elimination	Total
3Q2019								
REVENUE								
External revenue	808,488	153,914	134,830	60,498	14,585	21,532	-	1,193,847
Inter-segment sales	40,272	829	-	64	320	95	(41,580)	-
Total revenue	848,760	154,743	134,830	60,562	14,905	21,627	(41,580)	1,193,847
RESULTS								
Segment results	30,939	1,377	16,606	5,794	1,559	10,521	-	66,796
Share of profits less losses of associates	22,954	(1,575)	(547)	1,420	753	342,674	-	365,679
Share of profits of joint venture	-	-	-	425	-	-	-	425
Unallocated corporate expenses	-	-	-	-	-	-	-	(11,133)
Profit/(Loss) before tax	53,893	(198)	16,059	7,639	2,312	353,195	-	421,767
3Q2018								
REVENUE								
External revenue	746,812	153,396	148,957	55,982	11,663	19,683	-	1,136,493
Inter-segment sales	32,938	833	-	48	437	160	(34,416)	-
Total revenue	779,750	154,229	148,957	56,030	12,100	19,843	(34,416)	1,136,493
RESULTS								
Segment results	11,806	1,105	24,081	4,176	5,455	8,908	-	55,531
Share of profits less losses of associates	20,288	(2,043)	1,048	(4,001)	3,085	305,725	-	324,102
Share of profits of joint venture	-	-	-	1,323	-	-	-	1,323
Unallocated corporate expenses	-	-	-	-	-	-	-	(5,533)
Profit/(Loss) before tax	32,094	(938)	25,129	1,498	8,540	314,633	-	375,423
Variance								
Revenue (%)	9%	0%	(9%)	8%	23%	9%	(21%)	5%
Profit/(Loss) before tax (%)	68%	79%	(36%)	>100%	(73%)	12%	0%	12%

(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
9M2019								
REVENUE								
External revenue	2,366,153	484,240	408,647	131,070	42,599	70,359	-	3,503,068
Inter-segment sales	117,559	2,329	-	192	917	240	(121,237)	-
Total revenue	2,483,712	486,569	408,647	131,262	43,516	70,599	(121,237)	3,503,068
RESULTS								
Segment results	86,007	7,100	52,395	9,229	10,579	37,268	-	202,578
Share of profits less losses of associates	53,311	(4,634)	2,865	4,031	2,719	652,656	-	710,948
Share of profits of joint venture	-	-	-	1,330	-	-	-	1,330
Unallocated corporate expenses	-	-	-	-	-	-	-	(31,835)
Profit before tax	139,318	2,466	55,260	14,590	13,298	689,924	-	883,021
9M2018								
REVENUE								
External revenue	2,222,146	485,348	401,631	148,989	35,086	70,847	-	3,364,047
Inter-segment sales	96,172	2,018	-	144	1,387	427	(100,148)	-
Total revenue	2,318,318	487,366	401,631	149,133	36,473	71,274	(100,148)	3,364,047
RESULTS								
Segment results	77,975	10,644	51,185	12,446	11,877	33,181	-	197,308
Share of profits less losses of associates	53,401	(4,505)	3,259	(1,705)	6,998	682,017	-	739,465
Share of profits of joint venture	-	-	-	3,367	-	-	-	3,367
Unallocated corporate expenses	-	-	-	-	-	-	-	(19,176)
Profit before tax	131,376	6,139	54,444	14,108	18,875	715,198	-	920,964
Variance								
Revenue (%)	7%	0%	2%	(12%)	19%	(1%)	(21%)	4%
Profit before tax (%)	6%	(60%)	1%	3%	(30%)	(4%)	0%	(4%)

(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 September 2018

The Group recorded total revenue of RM1.19 billion in 3Q2019 (3Q2018: RM1.14 billion), up 5% from a year ago. Pre-tax profit of the Group was at RM422 million, 12% higher as compared to RM375 million recorded in 3Q2018. The higher profit was mainly attributed to the stronger contribution from Wilmar International Limited ("Wilmar") as well as higher performance from the *Grains and agribusiness* and *Environmental engineering and utilities* segments.

For 9M2019, Group revenue increased by 4% to RM3.50 billion (9M2018: RM3.36 billion) on the back of higher revenue from the *Grains and agribusiness*, *Film exhibition and distribution* and *Property* segments.

Group pre-tax profit was lower by 4% to RM883 million in 9M2019 (9M2018: RM921 million) attributable to lower contribution from Wilmar at RM652 million (9M2018: RM682 million), partially offset by higher profits from the *Grains and agribusiness* segment.

Grains and agribusiness

Segment revenue and profit increased by 9% and 68% to RM849 million (3Q2018: RM780 million) and RM54 million (3Q2018: RM32 million) respectively. This was mainly attributable to higher flour prices.

For 9M2019, segment revenue grew by 7% to RM2.48 billion (9M2018: RM2.32 billion). Segment profit was higher by 6% to RM139 million (9M2018: RM131 million) mainly due to improved flour prices, partially offset by higher raw material costs.

Consumer products

Segment revenue for 3Q2019 and 9M2019 remained at RM155 million (3Q2018: RM154 million) and RM487 million (9M2018: RM487 million) respectively. The segment reported a lower loss of RM0.2 million (3Q2018: RM0.9 million) mainly due to higher sales of agency products. For 9M2019, segment profit was lower at RM2.5 million (9M2018: RM6 million) mainly due to higher operating costs at the bakery division.

Film exhibition and distribution

For 3Q2019, segment revenue and profit was lower by 9% to RM135 million (3Q2018: RM149 million) and RM16 million (3Q2018: RM25 million) respectively. This was mainly due to fewer strong local titles in 3Q2019.

For 9M2019, segment revenue and segment profit was at RM409 million (9M2018: RM402 million) and RM55 million (9M2018: RM54 million) respectively. Higher contribution from film distribution was offset by lower contribution from film exhibition.

Environmental engineering and utilities

For 3Q2019, segment revenue and segment profit was higher at RM61 million (3Q2018: RM56 million) and RM8 million (3Q2018: RM1 million) respectively, mainly due to progressive recognition of profit from new projects secured.

For 9M2019, segment revenue and profit was at RM131 million (9M2018: RM149 million) and RM15 million (9M2018: RM14 million) respectively.

Property

Segment revenue for 3Q2019 and 9M2019 was at RM15 million (3Q2018: RM12 million) and RM44 million (9M2018: RM36 million) respectively. Segment profit for 3Q2019 and 9M2019 was lower at RM2 million (9M2018: RM9 million) and RM13 million (9M2018: RM19 million) respectively.

Higher segment revenue for 9M2019 was mainly attributable to higher progress billings from the Megah Rise project.

Excluding a one-off gain from sale of land and building of RM5 million in 9M2019 (9M2018: RM1 million), segment profit for 9M2019 was at RM8 million (9M2018: RM18 million). The lower segment profit was due mainly to lower contribution from mall operations and lower share of profit from associate.

Notes

B1. Performance analysis (Cont'd)

Investments and Other operations

Combined segment recorded a profit of RM353 million in 3Q2019 (3Q2018: RM315 million) and RM690 million for 9M2019 (9M2018: RM715 million) respectively. Profit contribution from Wilmar was higher at RM342 million for 3Q2019 (3Q2018: RM306 million). For 9M2019, contribution from Wilmar was lower by 4% at RM652 million (9M2018: RM682 million).

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

Group pre-tax profit was higher at RM422 million in 3Q2019 (2Q2019: RM181 million) due mainly to significant increase in profit contribution from Wilmar at RM342 million (2Q2019: RM117 million).

B3. Prospects for the current financial year

The Malaysian economy registered an average growth of 4.6% in the first three quarters of 2019. Overall, growth is expected to be within projections in 2019 and the pace sustained going into 2020. This is underpinned mainly by private sector activity, particularly household spending, which is supported by continued expansion in employment and income.

While the grain commodity and foreign exchange market continued to be volatile, and competition remained intense, the *Grains and agribusiness* segment is expected to perform satisfactorily by capitalising on its established market position and technical strength in maintaining good quality products. Performance of the *Consumer products* segment is expected to remain stable. Performance of *Film exhibition and distribution* segment will be driven by strong title releases and new cinemas opening in Klang Valley and southern regions, as well as introduction of new cinematic technology and facilities. 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

	3 rd Quarter ended 30-Sep-19 RM'000	9 months ended 30-Sep-19 RM'000
Profit before tax was stated after charging/(crediting):		
Dividend income	2,076	9,298
Net fair value loss on derivatives	(6,402)	(3,292)
Net foreign exchange (loss)/gain	(1,056)	61
Interest income and income from short-term fund placements	12,207	36,092
Allowance for doubtful debts and receivables written off	(298)	(1,701)
Depreciation and amortisation	(44,867)	(133,202)

Notes

B6. Tax expense

	3 rd Quarter ended 30-Sep-19 RM'000	9 months ended 30-Sep-19 RM'000
Taxation comprises:		
Malaysian operation		
Current income tax	11,539	33,890
Deferred tax	(454)	15
	11,085	33,905
Foreign operation		
Current income tax	1,953	8,094
Deferred tax	2,685	6,698
	15,723	48,697
Underprovision in prior year:		
Current	924	1,003
Deferred tax	49	129
	16,696	49,829

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 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 14 November 2019.

B8. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	15,498	15,498	-
Long-term bank loans (VND)	10,674	10,674	-
Hire purchase financing	278	278	-
Repayments due within the next 12 months	(20,912)	(20,912)	-
	5,538	5,538	-

Notes

B8. Group borrowings (Cont'd)

	Total RM'000	Secured RM'000	Unsecured RM'000
Short-term bank borrowings			
Bills payable (IDR)	48,339	-	48,339
Short-term loans	900	-	900
Short-term loans (USD)	225,875	-	225,875
Short-term loans (IDR)	124,974	-	124,974
Short-term loans (VND)	60,218	-	60,218
Hire purchase financing	77	77	-
Current portion of long-term bank borrowings	20,835	20,835	-
	481,218	20,912	460,306
Bank overdrafts	393	-	393
	481,611	20,912	460,699

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	As at 30 September 2019	
	Contract/ Notional value RM'000	Fair value - Assets/Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	38,234	2,409
ii) Forward foreign currency contracts	27,842	85
Total derivative assets		2,494
<u>Derivative financial liabilities</u>		
i) Options contracts	474	227
ii) Futures contracts	126,603	5,299
iii) Forward foreign currency contracts	33,559	30
Total derivative liabilities		5,556

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 third quarter of 2019, net fair value loss on derivative financial instruments amounted to RM6 million (3Q2018: RM2 million).

For nine months of 2019, net fair value loss on derivative financial instruments amounted to RM3 million (9M2018: RM3 million).

B10. Material litigation

There was no material litigation as at 14 November 2019.

B11. Dividends

An interim dividend of 8 sen per share in respect of financial year ending 31 December 2019 was paid on 2 October 2019.

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

Notes

B12. Earnings per share

	3 rd Quarter ended 30 September		9 months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net profit for the period	394,182	359,773	802,606	853,757
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	27.71	25.29	56.42	60.01

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

By Order of the Board
Mah Teck Keong
Company Secretary



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