



QUARTERLY REPORT 03

Investor Update 2020

FROM THE DESK

DEAR SHAREHOLDERS,

WE ARE PLEASED TO ANNOUNCE THAT PPB GROUP BERHAD ("PPB") ACHIEVED A GROUP PRE-TAX PROFIT OF RM1.02 BILLION FOR 9M2020, 16% HIGHER AS COMPARED TO RM883 MILLION IN 9M2019. THIS WAS MAINLY DUE TO HIGHER CONTRIBUTION FROM WILMAR INTERNATIONAL LIMITED OF RM855 MILLION (9M2019 : RM652 MILLION). CORE GROUP PROFIT WAS HOWEVER, 28.3% LOWER.

PPB Group revenue for 9M2020 was RM3.06 billion, down 13% from 9M2019 of RM3.50 billion, mainly attributable to lower revenue recorded by Film Exhibition and Distribution segment which was significantly affected by the Covid-19 pandemic.

The Group recorded profit after tax of RM973.9 million and earnings per share of 65.48 sen.

PROSPECTS FOR 2020

The *Grains and Agribusiness* segment is expected to continue to weather through a volatile commodity market. This segment which is in the business of production and distribution of staple food, is not expected to be affected significantly by the Covid-19 pandemic and is expected to perform satisfactorily for the rest of the year. The Consumer Products segment is expected to perform satisfactorily as the Group endeavours to expand sales into food service channels and the e-commerce marketplace. The Film Exhibition and Distribution segment will continue to be affected by cinema closures and deferral of movie titles in the fourth quarter. Management will continue to implement cost optimisation measures and stringent

cash flow management to deal with the current challenging operating environment. The *Environmental Engineering and Utilities* segment will continue to focus on replenishing its order book and explore new project opportunities. The *Property* segment remains challenging, both in investment properties and property development. Various measures are being put in place to address the reduced footfall in our malls as well as slower sales of properties brought about by the Covid-19 pandemic.

Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

HAPPENINGS

PPB held a Press and Analyst Briefing on 4 September 2020 at the Shangri-La Hotel, Kuala Lumpur to review the half-year financial results of 2020 and latest developments in the Group.

During the quarter under review, FFM Marketing Sdn Bhd launched MBP® NeoMilk. This Japanese Megmilk Snow Brand product which is manufactured in Singapore, helps to promote and maintain strong and healthy bones.



On 17 August 2020, Golden Screen Cinemas Sdn Bhd (GSC) launched its own online e-commerce store, KEEPSAKE which offers movie-related collectibles to branded merchandise.

CSR ACTIVITIES Covid-19 Initiatives

In our continuing efforts to support the community during the Covid-19 pandemic, PPB donated 5,000 pcs of reusable fabric facemasks to 60 NGOs/welfare homes and paid the outstanding electricity bills of 19 welfare homes and 33 needy families.

FFM Berhad (FFM) has also committed to distribute 1,000,000 Massimo Primo sandwich rolls to the needy communities.

OF THE CHAIRMAN



Others

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

- PPB collaborated with the Rotary Club of Petaling Jaya and Beutifood, to train single mothers to bake for a living under the “SUPERMUM” project. PPB contributed the baking equipment and the renovations to set up the Supermum baking studio. The first batch of 10 single mums completed their 10-week training in September 2020.
- GSC organised a campaign entitled “We Are All Special” to raise awareness of autism which included an art exhibition and a 1-day charity bazaar at Aurum Theatres, The Gardens Mall.
- Cheras LeisureMall organised a blood drive donation and a pain management workshop to raise funds for the Mall’s “Give. Share. Love” programme to support the needy.

GREETINGS

As the year is coming to a close, I 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

7 December 2020

HAPPENINGS

1 —

PRESS AND ANALYST BRIEFING

ON 4 SEPTEMBER 2020, 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 HELD AT THE SHANGRI-LA HOTEL, KUALA LUMPUR. THE BRIEFING REVIEWED THE FINANCIAL RESULTS OF THE FIRST HALF OF 2020, AND LATEST DEVELOPMENTS IN THE GROUP. PPB'S MANAGING DIRECTOR, MR LIM SOON HUAT TOGETHER WITH MEMBERS OF THE GROUP'S KEY MANAGEMENT TEAM DEALT WITH QUESTIONS RAISED BY THE ATTENDEES; AND THE EVENT ENDED WITH LUNCH.



2 —

FFM LAUNCHES MBP® NEOMILK

MBP® NEOMILK IS A SPECIALLY FORMULATED NUTRITIOUS MILK FORMULA THAT CONTAINS MBP®. MBP® IS AN ACTIVE COMPLEX OF NATURAL PROTEINS FOUND IN TRACE AMOUNTS IN BOVINE AND HUMAN MILK. THE BENEFIT OF MBP® FOR BONE HEALTH WAS DISCOVERED AND SCIENTIFICALLY PROVEN IN 1993 BY MEGMILK SNOW BRAND CO. LTD WHICH WAS AWARDED FOSHU (FOOD FOR SPECIFIED HEALTH USE) STATUS BY THE MINISTRY OF HEALTH, LABOUR AND WELFARE OF JAPAN.

MBP® makes bones more receptive to calcium by stimulating osteoblast cells that encourage collagen production. It also suppresses osteoclast cells from excessively dissolving calcium and collagen in the bone. These two actions optimise the utilization of calcium we derive from milk and other sources to build strong, healthy bones.

MBP® NeoMilk which is low in fat and high in calcium, Vitamin D and magnesium, helps promote and maintain strong healthy bones. This product was launched by FFM Marketing Sdn Bhd in mid-July 2020 and is ideal for consumption by all age groups. It is manufactured in Singapore.



HAPPENINGS

3

**GSC LAUNCHES ITS E-COMMERCE PLATFORM: KEEPSAKE ONLINE**

From 17 August 2020, movie-goers and fans of GSC can now purchase merchandise directly from its very own online e-commerce store, KEEPSAKE. From movie-related collectibles to branded merchandise, KEEPSAKE offers a wide range of products that customers can order and have them delivered directly to their doorstep. Launched as part of GSC's plan to diversify its offerings beyond the cinema, KEEPSAKE can be accessed at <https://shop.gsc.com.my> and is regularly updated with new products weekly.



CSR ACTIVITIES

1 — COVID-19 INITIATIVES

IN OUR CONTINUING EFFORTS TO SUPPORT THE COMMUNITY DURING THE COVID-19 PANDEMIC, PPB DONATED 5,000 PCS OF REUSABLE FABRIC FACEMASKS TO 60 NGOS/WELFARE HOMES UNDER THE “MASK UP. STAY SAFE” PROJECT. THIS PROJECT WAS MOOTED AFTER THE MALAYSIAN GOVERNMENT MADE IT MANDATORY TO WEAR FACEMASKS IN PUBLIC PLACES.

Under the “Lighting Up Homes” project, PPB assisted needy families and deserving welfare homes to pay their outstanding electricity bills. During this difficult time, many welfare homes face a decline in sponsorships and furthermore, many fund-raising events were aborted.

In collaboration with Yayasan Food Bank Malaysia, FFM continued to reach out to the needy with a commitment of 1 million pieces of Massimo Primo sandwich rolls. This distribution is expected to complete by December 2020.



CSR ACTIVITIES

2 — SUPERMUM PROJECT

THE SUPERMUM PROJECT IS A COLLABORATION BETWEEN PPB, THE ROTARY CLUB OF PETALING JAYA (RCPJ) AND BEUTIFOOD, A MEMBER OF FANTASTIC FOOD FACTORY SDN BHD, TO EMPOWER SINGLE MOTHERS WITH BAKING SKILLS TO BAKE AND SELL THEIR PRODUCTS TO EARN A LIVING.

PPB contributed the baking equipment and renovation cost to set up a baking studio at the Majlis Bandaraya Petaling Jaya premises in Taman Megah, Petaling Jaya, as well as transport allowances to each trainee who completes the training programme. The 10-week programme facilitated by a chef lecturer hired by Beutifood, comprises 10 modules on baking cakes, cookies, pastries, bread, buns as well as equipping them with knowledge as entrepreneurs to bake and sell.

The first batch of 10 single mothers started their training on 7 and 8 July 2020 and completed their last module on 19 September 2020 with a business training module organised by PPB. This module covered topics such as basic accounting, branding, e-commerce as well as in-depth information on flour, facilitated by staff from PPB Head Office, GSC and FFM.

After the completion of training, the single mothers are encouraged to bake to sell whilst RCPJ assists to market their products. One of the single mothers, accepted employment under Beutifood.

The Supermum Committee has completed the interview and selection process for the second batch of single mothers; however the commencement of training has yet to be fixed due to the CMCO.



CSR ACTIVITIES



3



PPB PEA TALKS

DURING THE THIRD QUARTER OF 2020, PPB HEAD OFFICE LAUNCHED “PPB PEA TALKS” HELD ONCE A MONTH VIRTUALLY. THEY COVER A VARIETY OF TOPICS WHICH TAKE ABOUT AN HOUR JUST BEFORE THE LUNCH BREAK. PPB PEA TALKS ARE OPEN TO ALL EMPLOYEES OF PPB AND ITS SUBSIDIARIES AS WELL AS OTHER RELATED COMPANIES.

The first two talks were organized in August and September, facilitated by Ms Ally Chung, a Director of iFAST Global Markets. Her topic for August was “How to save more when you are Bujang and Broke”, where she gave tips on designing a budget plan, sticking to it and turning it into a good habit. In September, she shared on “Beginner’s Guide to Wealth Creation” where we learnt the different types of investment options available and how to invest in a holistic approach.

Ms Chung conducted the financial awareness talks to cater to the different stages of needs, from saving to investment, whilst other interesting topics are in the pipeline.

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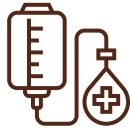
RAISING AWARENESS OF AUTISM SPECTRUM DISORDER

As part of GSC’s corporate social responsibility and its ongoing efforts to use its platforms as a voice for good, GSC continues to raise awareness of autism with its latest campaign called “We Are All Special”. The campaign kicked off on 24 September with the release of a French movie, The Specials, which was shown in 23 cinemas nationwide. In support of the campaign, GSC also organised an exhibition of artwork by Malaysian artists with autism at Aurum Theatre, The Gardens Mall, which was available for two weeks from 24 September to 7 October, as well as a charity bazaar on 27 September.



CSR ACTIVITIES

5



BLOOD DONATION CAMPAIGN

Cheras LeisureMall collaborated with Kwangsi Association of Selangor & Kuala Lumpur (Youth Division) to jointly organise the KwangsiCare Health Carnival 2020 to raise public awareness of the importance of blood donation. The blood donation drive which was held on 26 July 2020 was in response to the Ministry of Health's call to encourage the public to donate blood to maintain sufficient blood supply for the nation, especially during the Covid-19 pandemic.

The event was held at the concourse at Level 2 LeisurePlex with physical distancing and safety measures observed throughout the session. The campaign drew a positive response with 100 pints of blood collected.



6



HEALTHCARE AWARENESS EVENT

CHERAS LEISUREMALL JOINTLY ORGANISED A PAIN MANAGEMENT EVENT THEMED "GOODBYE PAIN CARNIVAL" WITH A SPINE PAIN CARE SPECIALIST, SANO PAIN CARE, FROM 22-23 AUGUST 2020.

Shoppers were provided with free check-ups and treatment sessions by professional pain care practitioners, to better understand pain management and prevention. The campaign garnered 350 participants.

There was also a two-day DIY Pain Care workshop on the right way to relieve pain. Fees collected from the workshop were donated to Cheras LeisureMall's "Give. Share. Love" programme to support underprivileged communities.



SHARE ANALYSIS

THE PERFORMANCE OF DOMESTIC EQUITY MARKETS IMPROVED marginally DURING THE QUARTER.

While the better-than-expected releases of economic data, mainly from the US and PR China, supported the increase in regional stock indices earlier in the quarter, the global equity market correction in September affected regional equity indices and reversed the earlier gains. The correction was triggered by concerns on the potential materialisation of risk events, which included the implementation of another round of movement restrictions in Europe and the failure to pass a new US fiscal stimulus bill amid the ongoing political gridlock. Domestically, announcements of subdued second quarter corporate earnings by selected large companies in the main board also affected domestic equity markets. As at end-September, the FBM KLCI increased by 0.3% to close at 1,504.8 points (end-June: 1,501.0 points).

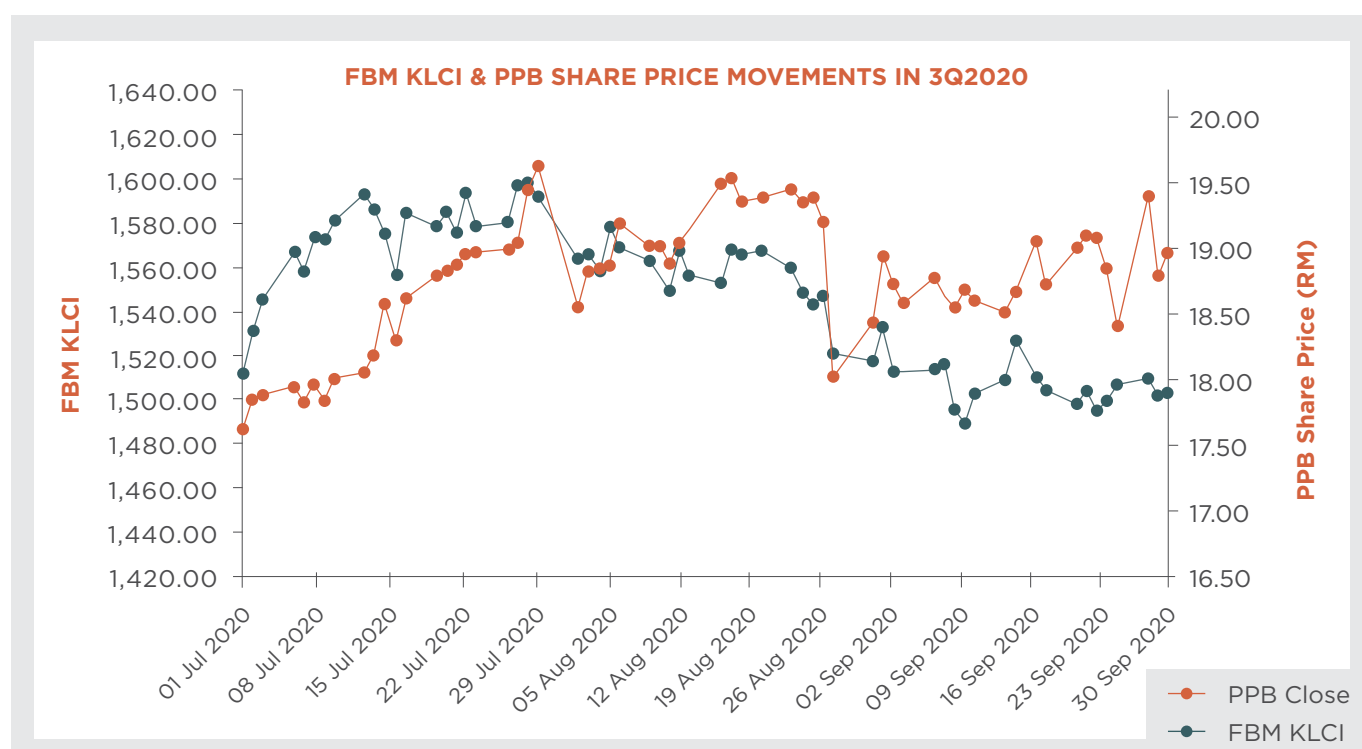
Source : Bank Negara Malaysia website



PPB shares closed at RM19.00 compared with RM17.78 in the preceding quarter and market capitalisation increased to RM27,037 million. The average daily volume of PPB shares traded during the quarter decreased by 9.94% to 624,344 shares.

SHARE ANALYSIS

	3Q2020	2Q2020	% change
PPB share price (RM)			
Closing price (high)	19.70	18.00	9.44%
Closing price (low)	17.58	16.12	9.06%
Month end closing price	19.00	17.78	6.86%
Weighted share price	18.78	16.97	10.67%
Market capitalisation (RM' million)	27,037	25,301	6.86%
PPB share trading volume (Number of shares)			
Daily volume (high)	2,125,800	4,911,200	-56.72%
Daily volume (low)	73,600	116,200	-36.66%
Average daily volume	624,344	693,244	-9.94%
FBM KLCI			
FBM KLCI closing (high)	1,611.42	1,575.27	2.29%
FBM KLCI closing (low)	1,490.12	1,322.66	12.66%
FBM KLCI quarter end closing	1,504.82	1,500.97	0.26%
FBM KLCI volume (Number of shares)			
Daily volume (high)	323,100,600	595,843,500	-45.77%
Daily volume (low)	65,973,000	73,131,100	-9.79%
Average daily volume	149,531,452	163,446,783	-8.51%



GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)	9 months		12 months	
	30-Sep-20	30-Sep-19	Change %	31-Dec-19
INCOME STATEMENT				
Revenue	3,058	3,503	(13)	4,684
Profit before tax	1,021	883	16	1,272
Profit attributable to owners of the parent	932	803	16	1,153
STATEMENT OF FINANCIAL POSITION				
Non-current assets	21,037	20,274	4	20,429
<u>Current assets</u>				
Cash and cash equivalents	1,476	1,518	(3)	1,501
Others	1,599	1,705	(6)	1,650
Total current assets	3,075	3,223	(5)	3,151
Total assets	24,112	23,497	3	23,580
<u>Equity</u>				
Share capital	1,429	1,429	-	1,429
Reserves	20,602	19,880	4	20,006
Equity attributable to owners of the parent	22,031	21,309	3	21,435
Non-controlling interests	743	727	2	696
Total equity	22,774	22,036	3	22,131
<u>Non-current liabilities</u>				
Borrowings	9	6	69	4
Others	342	307	11	360
Total non-current liabilities	351	313	12	364
<u>Current liabilities</u>				
Borrowings	441	482	(9)	357
Others	546	666	(18)	728
Total current liabilities	987	1,148	(14)	1,085
Total liabilities	1,338	1,461	(8)	1,449
Total equity and liabilities	24,112	23,497	3	23,580

GROUP FINANCIAL HIGHLIGHTS

Financial period/year ended (All figures in RM million)		9 months		12 months
		30-Sep-20	30-Sep-19	31-Dec-19
RATIOS				
Return on equity attributable to owners of the parent (annualised)	(%)	5.6	5.0	5.4
Earnings per share	(sen)	65.5	56.4	81.0
Debt to equity	(times)	0.02	0.02	0.02
Net assets per share	(RM)	15.5	15.0	15.1
Dividend per share	(sen)	8.0	8.0	31.0
STOCK MARKET INFORMATION				
Share price	(RM)	19.00	18.14	18.84
Market capitalisation	(RM million)	27,037	25,813	26,809

ANNOUNCEMENTS

AUGUST 2020



PPB announced that the quarterly report for the 2nd quarter ended 30 June 2020 would be released on 27 August 2020.



Release of PPB's quarterly report for the 2nd quarter ended 30 June 2020.

PPB Board declared the payment of an interim dividend of 8 sen per share for financial year ending 31 December 2020 ("Interim Dividend").



The Interim Dividend was paid on 29 September 2020 to shareholders in the Record of Depositors at the close of business on 11 September 2020.

CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	1,036,586	1,193,847	3,057,919	3,503,068
Operating expenses	(1,026,870)	(1,141,386)	(3,014,738)	(3,361,222)
Operating profit	9,716	52,461	43,181	141,846
Other operating (loss)/income	(8,039)	12,009	67,361	55,710
Share of results of associates	434,147	365,679	927,846	710,948
Share of results of joint venture	1,282	425	3,103	1,330
Finance costs	(7,416)	(8,807)	(20,682)	(26,813)
Profit before taxation	429,690	421,767	1,020,809	883,021
Tax expense	(8,115)	(16,696)	(46,924)	(49,829)
Profit for the period	421,575	405,071	973,885	833,192
Attributable to :				
Owners of the parent	411,574	394,182	931,572	802,606
Non-controlling interests	10,001	10,889	42,313	30,586
Profit for the period	421,575	405,071	973,885	833,192
Basic earnings per share (sen)	28.93	27.71	65.48	56.42

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	3 rd Quarter ended 30 September		9 Months ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the period	421,575	405,071	973,885	833,192
Other comprehensive income/(loss), net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value loss on investment in equity instruments designated as fair value through other comprehensive income	(15,623)	(73,199)	(83,761)	(105,005)
Share of associates' other comprehensive income/(loss)	2,770	(26,803)	(68,505)	(13,773)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	(555,582)	228,752	269,868	230,975
Share of associates' other comprehensive income/(loss)	288,368	(283,992)	(3,759)	(231,983)
Total comprehensive income	141,508	249,829	1,087,728	713,406
Attributable to :				
Owners of the parent	135,042	240,803	1,037,200	681,206
Non-controlling interests	6,466	9,026	50,528	32,200
Total comprehensive income	141,508	249,829	1,087,728	713,406

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30-Sep-20 RM'000	As at 31-Dec-19 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,346,593	1,337,417
Investment properties	275,567	265,770
Right-of-use assets	228,603	245,769
Bearer plant	3,283	3,042
Goodwill	73,704	73,704
Other intangible assets	14,581	9,177
Land held for property development	100,194	100,178
Investment in associates	18,634,673	17,960,226
Investment in joint venture	21,946	17,404
Receivables	4,928	10,600
Other investments	322,125	405,179
Deferred tax assets	11,427	342
	21,037,624	20,428,808
Current Assets		
Inventories	738,383	802,513
Biological assets	9,658	16,767
Other intangible assets	67	25
Property development costs	23,547	18,881
Receivables	819,959	801,805
Derivative financial assets	525	128
Current tax assets	6,988	9,921
Cash and cash equivalents	1,475,639	1,500,909
	3,074,766	3,150,949
	24,112,390	23,579,757
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	20,602,139	20,005,945
Equity attributable to owners of the parent	22,031,453	21,435,259
Non-controlling interests	743,389	695,532
Total equity	22,774,842	22,130,791

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30-Sep-20 RM'000	As at 31-Dec-19 RM'000
Non-current Liabilities		
Borrowings	9,370	4,096
Lease obligations	212,933	227,976
Provision for restoration cost	29,340	29,340
Deferred tax liabilities	99,186	102,191
	350,829	363,603
Current Liabilities		
Payables	453,751	669,190
Derivative financial liabilities	20,698	17,339
Borrowings	440,652	357,075
Lease obligations	28,333	28,540
Provision for restoration cost	-	5,200
Current tax liabilities	43,285	8,019
	986,719	1,085,363
Total liabilities	1,337,548	1,448,966
TOTAL EQUITY AND LIABILITIES	24,112,390	23,579,757

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital RM'000	Non-distributable reserves 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 2020						
At 1 January 2020	1,429,314	2,825,928	17,180,017	21,435,259	695,532	22,130,791
Total comprehensive income	-	105,713	931,487	1,037,200	50,528	1,087,728
Transfer of reserves	-	63,055	(63,055)	-	-	-
Dividends	-	-	(441,006)	(441,006)	(2,671)	(443,677)
At 30 September 2020	1,429,314	2,994,696	17,607,443	22,031,453	743,389	22,774,842
9 months ended						
30 September 2019						
At 1 January 2019	1,429,314	3,166,516	16,444,244	21,040,074	696,797	21,736,871
Total comprehensive (loss)/income	-	(121,400)	802,606	681,206	32,200	713,406
Transfer of reserves	-	9,214	(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	3,054,330	16,826,167	21,309,811	726,601	22,036,412

Note :

The breakdown of non-distributable reserve is not shown due to limited information from investment in associates.

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	9 months ended 30 September	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,020,809	883,021
Adjustments :		
Non-cash items	(792,045)	(580,273)
Non-operating items	(11,037)	(18,575)
Operating profit before working capital changes	217,727	284,173
Working capital changes :-		
Net change in current assets	29,317	47,205
Net change in current liabilities	(213,928)	(146,616)
Cash generated from operations	33,116	184,762
Tax paid	(22,559)	(36,929)
Net cash generated from operating activities	10,557	147,833
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(87,849)	(94,017)
Proceeds from disposal of property, plant and equipment	503	5,145
Purchase of investments	(105,714)	(25)
Proceeds from disposal of investment	438	388
Dividends received	505,690	376,519
Income received from short-term fund placements	23,210	25,176
Interest received	5,867	6,995
Repayment from associates	4,576	542
Distribution of profit from joint venture	5,595	7,587
Net cash generated from investing activities	352,316	328,310
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of bank borrowings	94,693	(10,673)
Interest paid	(13,422)	(19,781)
Dividends paid	(443,677)	(286,916)
Payment of lease obligations	(27,409)	(32,839)
Shares issued to non-controlling interests of a subsidiary	4,145	-
Net cash used in financing activities	(385,670)	(350,209)
Net (decrease)/increase in cash and cash equivalents	(22,797)	125,934
Cash and cash equivalents brought forward	1,500,571	1,390,711
Effect of exchange rate changes	(2,153)	1,331
Cash and cash equivalents carried forward	1,475,621	1,517,976
Cash and cash equivalents represented by :		
Cash and bank balances	254,680	329,564
Bank deposits	201,494	150,027
Short-term fund placements	1,019,465	1,038,778
Bank overdrafts	(18)	(393)
	1,475,621	1,517,976

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019)

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 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 2019 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2020 :

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7 and MFRS 9	Interest Rate Benchmark Reform
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above Amendments to MFRS is not expected to have any material effects to the condensed financial statements in the period of initial application.

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 2020.

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 interim period.

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

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

A6. Dividends paid

During the financial period ended 30 September 2020, an interim dividend of 8 sen per share in respect of financial year ending 31 December 2020 was paid on 29 September 2020.

NOTES

A7. Segmental reporting

Performance of the Group’s business segments for the 9 months ended 30 September 2020 is as follows :

Business segments : All figures in RM’000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter- segment elimination	Total
REVENUE								
External revenue	2,296,476	471,497	105,265	104,976	36,372	43,333	-	3,057,919
Inter-segment sales	117,217	497	-	431	710	3,280	(122,135)	-
Total revenue	2,413,693	471,994	105,265	105,407	37,082	46,613	(122,135)	3,057,919
RESULTS								
Segment results	151,409	20,579	(79,177)	2,704	174	17,880	-	113,569
Share of results of associates	79,393	(1,289)	(9,978)	5,489	(612)	854,843	-	927,846
Share of results of joint venture	-	-	-	3,103	-	-	-	3,103
Unallocated corporate expenses	-	-	-	-	-	-	-	(23,709)
Profit/(Loss) before taxation	230,802	19,290	(89,155)	11,296	(438)	872,723	-	1,020,809

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

FFM Berhad (“FFM”), a subsidiary of the Company, had on 24 June 2020 acquired the remaining 70% equity interest not already owned in FFM Further Processing Sdn Bhd (“FFMP”) from BRF Foods GmbH for RM31.5 million. Arising therefrom, FFMP has become a wholly-owned subsidiary of FFM.

Other than the above, there were no material changes in the composition of the Group for the financial period under review.

A10. Changes in contingent liabilities or contingent assets

There were no material changes in contingent assets and 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 2020 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	56,935
- not contracted	410,087
	467,022
Other commitments	
- contracted	344,914
Total	811,936

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 September 2020 are as follows:

	RM'000
Transactions with associates	
- Film rental income	1,558
- Sales of goods	1,117
- Purchase of goods	24,034
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,324
- Sales of goods	37,334
Transactions with subsidiaries of associates	
- Purchase of goods	178,642
- Sales of goods	80,362
- Rental income	2,500
- Other services expenses	10,697
- Supervision fees income	1,913
- Freight cost	111,743

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	Other operations	Inter- segment elimination	Total
3Q2020								
REVENUE								
External revenue	788,648	145,665	25,743	47,330	14,685	14,515	-	1,036,586
Inter-segment sales	36,451	134	-	228	250	2,984	(40,047)	-
Total revenue	825,099	145,799	25,743	47,558	14,935	17,499	(40,047)	1,036,586
RESULTS								
Segment results	22,937	(1,300)	(24,561)	1,850	2,194	4,715	-	5,835
Share of results of associates	26,413	477	(3,675)	1,285	1,203	408,444	-	434,147
Share of results of joint venture	-	-	-	1,282	-	-	-	1,282
Unallocated corporate expenses	-	-	-	-	-	-	-	(11,574)
Profit/(Loss) before taxation	49,350	(823)	(28,236)	4,417	3,397	413,159	-	429,690
3Q2019								
REVENUE								
External revenue	808,488	153,914	134,831	60,498	14,585	21,531	-	1,193,847
Inter-segment sales	40,272	829	-	64	320	95	(41,580)	-
Total revenue	848,760	154,743	134,831	60,562	14,905	21,626	(41,580)	1,193,847
RESULTS								
Segment results	30,939	1,377	16,606	5,794	1,559	10,521	-	66,796
Share of results of associates	22,954	(1,575)	(547)	1,420	753	342,674	-	365,679
Share of results of joint venture	-	-	-	425	-	-	-	425
Unallocated corporate expenses	-	-	-	-	-	-	-	(11,133)
Profit/(Loss) before taxation	53,893	(198)	16,059	7,639	2,312	353,195	-	421,767
Variance								
Revenue (%)	-3%	-6%	-81%	-21%	0%	-19%	4%	-13%
Profit/(Loss) before taxation (%)	-8%	->100%	n.m.	-42%	47%	17%	-	2%

n.m. - not meaningful

NOTES

B1. Performance analysis (Cont'd)

Group financial performance by business segment (Cont'd)

Business segments : All figures in RM'000	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Other operations	Inter- segment elimination	Total
9M2020								
REVENUE								
External revenue	2,296,476	471,497	105,265	104,976	36,372	43,333	-	3,057,919
Inter-segment sales	117,217	497	-	431	710	3,280	(122,135)	-
Total revenue	2,413,693	471,994	105,265	105,407	37,082	46,613	(122,135)	3,057,919
RESULTS								
Segment results	151,409	20,579	(79,177)	2,704	174	17,880	-	113,569
Share of results of associates	79,393	(1,289)	(9,978)	5,489	(612)	854,843	-	927,846
Share of results of joint venture	-	-	-	3,103	-	-	-	3,103
Unallocated corporate expenses	-	-	-	-	-	-	-	(23,709)
Profit/(Loss) before taxation	230,802	19,290	(89,155)	11,296	(438)	872,723	-	1,020,809
9M2019								
REVENUE								
External revenue	2,366,153	484,240	408,648	131,070	42,599	70,358	-	3,503,068
Inter-segment sales	117,559	2,329	-	192	917	240	(121,237)	-
Total revenue	2,483,712	486,569	408,648	131,262	43,516	70,598	(121,237)	3,503,068
RESULTS								
Segment results	86,007	7,100	52,395	9,229	10,579	37,268	-	202,578
Share of results of associates	53,311	(4,634)	2,865	4,031	2,719	652,656	-	710,948
Share of results of joint venture	-	-	-	1,330	-	-	-	1,330
Unallocated corporate expenses	-	-	-	-	-	-	-	(31,835)
Profit before taxation	139,318	2,466	55,260	14,590	13,298	689,924	-	883,021
Variance								
Revenue (%)	-3%	-3%	-74%	-20%	-15%	-34%	-1%	-13%
Profit/(Loss) before taxation (%)	66%	>100%	n.m.	-23%	n.m.	26%	-	16%

n.m. - not meaningful

NOTES

B1. Performance analysis (Cont'd)

Group performance review

For the third quarter of 2020, the Group recorded total revenue of RM1.04 billion, 13% lower as compared to 3Q2019 of RM1.19 billion. Pre-tax profit was at RM430 million (3Q2019: RM422 million). Profit contribution from Wilmar International Limited (“Wilmar”) increased by RM67 million to RM409 million (3Q2019: RM342 million).

For 9M2020, Group total revenue was lower by 13% to RM3.06 billion (9M2019: RM3.50 billion) mainly attributable to lower revenue recorded by **Film exhibition and distribution** segment. The Group achieved a pre-tax profit of RM1.02 billion for 9M2020, 16% higher as compared to RM883 million achieved in 9M2019. This was mainly attributable to higher contribution from Wilmar at RM855 million (9M2019: RM652 million). Core group profit was, however, lower by 28.3%.

Grains and agribusiness

For 3Q2020 and 9M2020, segment revenue was lower by 3% to RM825 million (3Q2019: RM849 million) and RM2.41 billion (9M2019: RM2.48 billion) respectively. This was mainly attributed to lower sales of flour and feed. Segment profit for 3Q2020 was at RM49 million (3Q2019: RM54 million). Segment profit for 9M2020 increased to RM231 million (9M2019: RM139 million) mainly due to lower raw material costs and higher contribution from China associates.

Consumer products

Segment revenue for 3Q2020 and 9M2020 was lower by 6% to RM146 million (3Q2019: RM155 million) and 3% to RM472 million (9M2019: RM487 million) respectively. The segment recorded a loss of RM823,000 in 3Q2020 (3Q2019: RM198,000). Excluding a one-off gain on step-acquisition of an associate of RM10 million as disclosed in Note A9, **Consumer products** segment recorded a profit of RM9 million for the first nine months of the year (9M2019: RM2 million). This was mainly attributable to the improved performance at the bakery division.

Film exhibition and distribution

Segment revenue for 3Q2020 and 9M2020 was significantly lower at RM26 million (3Q2019: RM135 million) and RM105 million (9M2019: RM409 million) respectively. For 3Q2020 and 9M2020, the segment recorded a loss of RM28 million (3Q2019: profit of RM16 million) and a loss of RM89 million (9M2019: profit of RM55 million) respectively. This was mainly attributable to the closure of cinemas at the height of the Movement Control Order (“MCO”) as well as low admissions due to the deferment of movie releases by major distributors.

Environmental engineering and utilities

Segment revenue for 3Q2020 and 9M2020 were lower at RM48 million (3Q2019: RM61 million) and RM105 million (9M2019: RM131 million) respectively. This was mainly due to works delay during the MCO period. Segment profit for 3Q2020 and 9M2020 was at RM4 million (3Q2019: RM8 million) and RM11 million (9M2019: RM15 million) respectively.

Property

Segment revenue for 3Q2020 and 9M2020 were at RM15 million (3Q2019: RM15 million) and RM37 million (9M2019: RM44 million) respectively. **Property** segment recorded a profit of RM3 million for 3Q2020 (3Q2019: RM2 million) and a loss of RM438,000 for 9M2020 (9M2019: profit of RM13 million) respectively. This was mainly attributable to lower rental income and the absence of a one-time gain on disposal of property in 2019 of RM4.7 million.

NOTES

B1. Performance analysis (Cont'd)**Other operations**

The segment achieved a higher profit at RM413 million in 3Q2020 (3Q2019: RM353 million) and RM873 million in 9M2020 (9M2019: RM690 million) respectively. Contribution from Wilmar increased by 19% to RM409 million for 3Q2020 (3Q2019: RM342 million) and up 31% to RM855 million for 9M2020 (9M2019: RM652 million) respectively.

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

Group pre-tax profit increased by 10% to RM430 million for 3Q2020 (2Q2020: RM390 million). This was mainly due to increase in contribution from Wilmar by 45% to RM409 million (2Q2020: RM282 million) partially offset by lower profits from **Grains and Agribusiness** segment at RM49 million (2Q2020: RM127 million).

B3. Prospects

The Malaysian economy has recorded a smaller contraction of 2.7% in the third quarter of 2020 (2Q2020: -17.1%). The improvement largely reflected the reopening of the economy from Covid-19 containment measures and better external demand conditions.

For 2021, the Malaysian economy is expected to improve in tandem with better global demand and domestic policy support. The growth in 2021 is expected to recover, benefitting from the improvement in global demand and turnaround in public and private sector expenditure amid various policy support.

The **Grains and agribusiness** segment is expected to continue to weather through a volatile commodity market. The segment, which is in the business of production and distribution of staple food, is not expected to be affected significantly by the Covid-19 pandemic and is expected to perform satisfactorily for the rest of the year.

The **Consumer products** segment is expected to perform satisfactorily as the Group endeavours to expand sales into food service channels and the e-commerce marketplace.

The **Film exhibition and distribution** segment will continue to be affected by cinema closures and deferral of movie titles in the fourth quarter. The management will continue to implement cost optimisation measures and stringent cash flow management to deal with the current challenging operating environment.

The **Environmental engineering and utilities** segment will continue to focus on replenishing its order book and exploring new project opportunities.

Performance of the **Property** segment remains challenging, both in investment properties and property development. Various measures are being put in place to address the reduced footfall in our malls as well as slower sales of properties brought about by the Covid-19 pandemic.

The Covid-19 pandemic will continue to weigh on our **Film exhibition and distribution** and **Property** segments. The other main business segments, which are mainly in the production and distribution of staple food and services, 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.

NOTES

B5. Profit before taxation

	3 rd Quarter ended 30-Sep-20 RM'000	9 Months ended 30-Sep-20 RM'000
Profit before taxation was stated after charging/(crediting) :		
Interest income and income from short-term fund placements	(7,641)	(27,841)
Dividend income	(236)	(3,878)
Net fair value loss/(gain) on derivatives	9,373	(30,083)
Net foreign exchange loss	8,291	8,269
Allowance for doubtful debts and receivables written off	1,477	2,062
Depreciation and amortisation	39,311	128,521
Interest expense on lease obligations	2,589	7,872

B6. Tax expense

	3 rd Quarter ended 30-Sep-20 RM'000	9 Months ended 30-Sep-20 RM'000
Taxation comprises :		
Malaysian taxation		
Current	9,447	43,067
Deferred	(17,003)	(19,278)
	(7,556)	23,789
Foreign taxation		
Current	780	3,879
Deferred	1,886	6,312
	(4,890)	33,980
Under/(over) provision in prior year :		
Current	13,005	13,802
Deferred Tax	-	(858)
	8,115	46,924

The effective tax rate was higher than the statutory tax rate. This was due mainly to underprovision of tax in prior years, deferred tax asset recognised by certain subsidiaries and provision for withholding tax on undistributed profits of foreign associates. 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.

NOTES

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 20 November 2020.

B8. Group borrowings

Total Group borrowings as at 30 September 2020 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans	9,250	-	9,250
Hire purchase financing	120	120	-
	9,370	120	9,250
Short-term bank borrowings			
Bills payable (IDR)	169,074	-	169,074
Short-term loan	10,000	-	10,000
Short-term loan (USD)	200,926	-	200,926
Short-term loan (VND)	60,553	5,278	55,275
Hire purchase financing	81	81	-
	440,634	5,359	435,275
Bank overdrafts	18	-	18
	440,652	5,359	435,293

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities

	As at 30 September 2020	
	Contract/ Notional value RM'000	Fair value - Assets/ Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	7,855	20
ii) Forward foreign currency contracts	75,674	505
Total derivative assets		525
<u>Derivative financial liabilities</u>		
i) Options contracts	190,384	2,040
ii) Futures contracts	247,414	17,553
iii) Forward foreign currency contracts	108,119	1,105
Total derivative liabilities		20,698

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 fluctuation 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 2019 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 the third quarter of 2020, net fair value loss on derivative financial instruments amounted to RM10 million (3Q2019: RM6 million).

For the nine months ended 30 September 2020, net fair value loss on derivative financial instruments amounted to RM13 million (9M2019: RM3 million).

B10. Material litigation

There were no material litigations as at 20 November 2020.

B11. Dividends

An interim dividend of 8 sen per share in respect of financial year ending 31 December 2020 was paid on 29 September 2020.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net profit for the period	411,574	394,182	931,572	802,606
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	28.93	27.71	65.48	56.42

There were no dilutive potential ordinary shares outstanding as at 30 September 2020 and 30 September 2019. As a result, there were no diluted earnings per share for the financial period ended 30 September 2020 and 30 September 2019.

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

The auditors' report for the financial year ended 31 December 2019 was not subject to any qualification.

Kuala Lumpur
26 November 2020

By Order of the Board
Mah Teck Keong
Company Secretary



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