



PPB GROUP BERHAD



QUARTERLY REPORT 03

Investor Update 2021

From the Desk of the Chairman

Dear Shareholders

RESULTS FOR THE 9 MONTHS OF 2021

We are pleased to report that the PPB Group Berhad ("PPB") group pre-tax profit remained around the same level at RM1.01 billion for 9M2021 (9M2020 : RM1.02 billion). The weaker performance recorded by the Group's core segments was partially offset by higher contribution from Wilmar International Limited, with an increased profit contribution of 20% to RM1.03 billion.

PPB Group revenue for 9M2021 was RM3.44 billion, up 13% from 9M2020 of RM3.06 billion as all core segments recorded higher revenue except for the *Film exhibition and distribution* segment.

The Group recorded a profit for the period of RM1.003 billion and earnings per share of 69.84 sen.

PROSPECTS FOR THE CURRENT YEAR

As food commodity prices continue their uptrend since the second quarter of 2021 as a result of global supply shocks and supply chain disruptions, the flow through impact of higher raw material prices has caused further gross profit margin compression in the *Grains and agribusiness* segment. Performance of the *Grains and agribusiness* segment continues to be affected by the highly volatile food commodity market and high freight cost as global supply disruptions show no sign of easing in the immediate future.

The *Consumer products* segment is facing higher cost of products following an increase in commodity prices and logistics costs. Notwithstanding the rising costs, this segment is expected to perform satisfactorily as it continues to expand its marketplace through the food services channel and e-commerce platform.

The *Film exhibition and distribution* segment is set to recover as the Government allowed cinemas to reopen in September 2021. This is timely as our newly acquired and rebranded former MBO cinemas are reopening in stages in the final quarter of the year. The end of the year is seasonally strong for the *Film exhibition and distribution* segment in view of the festive and holiday period. The strong movie titles lined up for the fourth quarter will contribute positively to the segment. Management is confident that a robust close to the year will set a strong recovery pace in the following year. Cost control measures and revenue diversification remain our top priorities to improve operating cash flow and financial performance.

From the Desk of the Chairman

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 is expected to improve with the easing of the national movement containment measures towards the last quarter of the year. Improving footfall in all our malls and completing the development of the Megah Rise project remains our top priority.

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

HAPPENINGS

PPB held a virtual Press and Analyst Briefing on 2 September 2021 to review the half-year financial results for 2021 and the latest developments in the Group. The meeting was attended by 34 analysts, fund managers and members of the press.

In conjunction with Massimo's 10-year anniversary campaign, The Italian Baker Sdn Bhd introduced "Burrosa" cakes in three flavours – butter, tiramisu and red velvet which were well received by the consumers.



From the Desk of the Chairman

CSR ACTIVITIES

Covid-19 Initiatives

In our continuing efforts to support the community during the Covid-19 pandemic, PPB has contributed basic groceries to more than 18,000 recipients in the country in the past nine months. The recipients were from the B40 group, refugees and foreign workers.

Whilst the “White Flag Movement” went viral with many mini food banks sprouting in July, PPB slowed down on the contribution of basic groceries and instead focused on distributing hot meals to the needy residing in low-cost flats in the Klang Valley, Penang and Johor as well as welfare homes in Seremban. PPB provided an average of 2,000 lunch meals daily during the period. We hired volunteers who were unemployed, and struggling food operators to prepare the hot meals and this provided 52 persons with some income, including the 34 hawkers in New World Park, Penang.

PPB also supported a public funded quarantine centre for Categories 1 & 2 patients managed by Crisis Relief Services & Training Berhad at Travelodge City Centre in Kuala Lumpur with the contribution of 3 main meals a day for 3 months.

PPB assisted 17 government hospitals with the contribution of medical equipment requested by the hospitals to fight the pandemic such as oxygen concentrators, syringe pumps, infusion pumps and oxygen flowmeters. As for the well-being of the frontliners, PPB contributed N95 facemasks, PAPRs (Powered Air-Purifying Respirators), beds, lockers, scrub suits, cheer bags and cookies made by vulnerable mothers.

The other initiatives by PPB for the needy include utilities assistance and contribution of regenerative organic vegetable terrarium to scale up nutrition at their doorstep. Besides that, PPB Group also supported the local entertainers who were badly impacted by the pandemic by engaging 4 local singers to dedicate the song “Hero” to all the front liners on Malaysia Day. PPB Properties also sponsored 42 musicians through Musicians for Musicians’ Centrestage live show on Facebook for 14 days.

21 construction workers from the sub-contractor of PPB Properties received two meals a day for a month and essential hygiene gift packs from PPB Properties as these workers’ income were affected by the MCO which halted all construction works.

CSR activities

During the quarter under review, PPB also gave away digital devices to 9 deserving welfare homes and 1 orang asli community centre in Semenyih under its CSR project “e-Learning, the Way Forward” to ease their e-learning. A 2-day blood donation drive was organised by PPB Properties at Cheras Leisure Mall in collaboration with Pusat Darah Negara and 88 pints of blood were collected.

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 2022!

Tan Sri Datuk Oh Siew Nam
6 December 2021

From the Desk
of the Chairman



Happenings



PRESS AND ANALYST BRIEFING

PPB's Press and Analyst Briefing was conducted virtually on 2 September 2021. A total of 34 analysts and fund managers from various local research houses and securities firms, as well as representatives from the press logged in for the event. The briefing reviewed the unaudited financial results of the first half of 2021, and the latest business developments in the Group. Senior management including those from the business divisions dealt with questions from analysts and the press.

FFM LAUNCHES MASSIMO BURROSA CAKES

Burrosa in Italian means "buttery". This Italian name is part of Massimo's naming convention for its products such as Favorito, Duetto and Diletto. Burrosa is aligned with Massimo's strategy by continually bringing new and innovative products and flavours to customers. The limited-edition range of cakes with three flavours – butter, tiramisu and red velvet, were specially created to tantalise customers' taste buds. Burrosa was launched in August 2021 as part of Massimo's 10-year anniversary campaign.



CSR Activities



COVID-19 INITIATIVES

In our continuing efforts to support the community during the pandemic and consequent Movement Control Orders (MCO), PPB Group undertook the following initiatives during the quarter :

- “Food Aid”
 - i. As at 3Q2021, PPB has reached out to 112 needy families directly, making a total of 255 families, and provided them with basic groceries to relieve some of their food expenses.
 - ii. Also during the quarter, PPB contributed basic groceries to a further 6,800 needy families, making a total of 18,800 families comprising recipients from B40 group, refugees and migrants from 11 states in the country through collaboration with reputable organisations :

Name of Organisation	Location of Recipients
Charity Food Basket Society Klang	Klang
Dignity for Children Foundation	Klang Valley
Kechara Soup Kitchen (KSK)*	Klang Valley, Pahang, Negeri Sembilan, Perak, Penang, Johor, Kedah, Terengganu, Kelantan and Melaka
Lions Club Bentong	Bentong, Pahang
Make It Right Movement	Klang Valley
Mutiara Food Bank^	Georgetown, Penang
Pejabat Kebajikan Masyarakat Daerah Petaling	Mentari Court, Petaling Jaya
Project Hope by Grace Assembly Petaling Jaya	PPR Desa Mentari, Petaling Jaya
Shan De Charity Home	Menglembu, Perak

Notes : *PPB, PPB Properties and FFM jointly supported KSK in their food aid programme.

^ An initiative by PPB Properties.

CSR Activities

iii. PPB also contributed essential food items namely cooking oil, rice, and eggs and/or infant/children's milk powder to 3 foodbanks/soup kitchens namely Food Aid Foundation, Kechara Food Bank and PERTIWI Soup Kitchen as well as an orang asli village in Pahang, for a period of 3 months.

iv. To reduce the risk of infection and potentially starting new clusters, PPB supported a public-funded quarantine centre at Travelodge City Centre, Kuala Lumpur with three main meals daily for COVID-19 patients from the B40 group with mild symptoms (categories 1 and 2) as assessed by the COVID-19 Assessment Centres (CACs). The quarantine centre managed by Crisis Relief Services & Training Berhad operated from August to November 2021, and served a total of 878 patients during the period.

- *"Utilities Assistance"*

Up to 30 September 2021, PPB has assisted a total of 12 welfare homes and 143 needy families who were badly affected by the pandemic, to pay their utility bills.

- *"Hot Cooked Meals for the Needy"*

PPB provided an average of 2,000 meals daily in the 3rd quarter to needy recipients in the Klang Valley, Seremban, Penang and Johor. The nutritious rice meals of chicken/fish and vegetables were given to recipients who were undergoing self-quarantine; the elderly living alone with little access to fresh food supply during the MCO; as well as families who could not afford gas supply and fresh cooking ingredients.

This project also enabled PPB to create 3 months of steady sales for 32 hawkers in New World Park, Penang and a school canteen operator, who could not operate during the MCO and whose businesses were adversely affected. In the Klang Valley, PPB provided income opportunities for volunteers who were unemployed, by getting them to prepare meals in the community kitchens at PPR Desa Mentari, PPR Sri Sarawak and Putra Ria and Abdullah Hukum low cost apartments. PPB also collaborated with a social enterprise, LS Group in Seremban to provide hot meals to 13 welfare homes for the entire month of July; and Persatuan Kebajikan Keluarga Harapan Kluang Johor in Kluang to serve 350 needy recipients for 3 months.



- *"Scaling Nutrition for the Needy through Regenerative Farming"*

PPB adopted 1,500 boxes of organic regenerative vegetable terrarium ("Hope Box") from PWD Smart FarmAbility to scale up nutrition for the needy. The Hope Box is easy to harvest at home, fresh and free from chemicals. It is the world's first organic vegetable terrarium grown on nutrient-dense soil with soil biology, and the vegetables can regenerate for more than 27 months (and still counting). To date, the Hope Boxes adopted by PPB have been distributed to the disabled, single mothers and cancer patients. Recipients are given a basic understanding of growing plants from soil and those who are more interested in looking after the terrarium will be upskilled towards entrepreneurship.

CSR Activities

- “Support for Hospitals”*

PPB contributed hospital equipment urgently requested by 17 government hospitals (8 in the Klang Valley and 9 in other states) to treat patients as they were unprepared for the escalating positive cases in the third quarter. The items contributed were 190 units 5L oxygen concentrators, 17,000 pieces N95 facemasks, 50 units syringe pumps, 11 units infusion pumps, 1 unit air-conditioned container, 2 units table top pulse oximeters, and other medical equipment.



Not forgetting the sacrifices of our medical frontliners, PPB contributed 16 units Powered Air Purifying Respirators, 10 units water dispensers, 19 units air purifiers, 25 units 2-door steel cabinet lockers, 51 sets of scrub suits, 7 units double decker beds, as well as 2,320 cheer bags including cookies made by vulnerable mothers, and other items to improve the frontliners’ well-being.

- “Support Lokal Entertainers”*

In support of our local entertainers who were badly impacted by the pandemic due to the multiple lockdowns, PPB Group engaged four local artists to record Mariah Carey’s inspirational “Hero”. This was launched on Malaysia Day and dedicated to all front liners.



Separately, PPB Properties sponsored 42 musicians through a national association of local musicians known as Musicians for Musicians Malaysia (MfM), in their Centrestage live show on Facebook, for a duration of 14 days.

- “Care for our Builders”*

PPB Properties assisted construction workers from 21 sub-contractors at the Southern Marina Residences whose incomes were affected by the lockdown restrictions. They were each given two meals a day (lunch and dinner) for one month and an essential hygiene pack.



CSR Activities

“E-LEARNING, THE WAY FORWARD” PROJECT

PPB contributed laptops and other digital devices to children from 9 deserving welfare homes and 1 orang asli community centre in Semenyih to enable them to progress in e-learning especially during the pandemic.

Our contribution has enabled the school children to attend online classes more effectively with sufficient digital devices and more advanced versions of software available.



BLOOD DONATION DRIVE

In collaboration with Pusat Darah Negara, Cheras LeisureMall organised a blood donation event on 14 and 15 August 2021 at the Level 2 LeisurePlex concourse. A total of 88 pints of blood were collected during the 2-day event.



Announcements

Date	Subject
12 August 2021	PPB announced that the quarterly report for the 2nd quarter ended 30 June 2021 would be released on 26 August 2021.
26 August 2021	Release of PPB's quarterly report for the 2nd quarter ended 30 June 2021.
26 August 2021	PPB Board declared the payment of an interim dividend of 10 sen per share for financial year ending 31 December 2021 ("Interim Dividend"). The Interim Dividend was paid on 28 September 2021 to shareholders in the Record of Depositors at the close of business on 10 September 2021.
15 September 2021	PPB released an announcement on the amended Corporate Governance Report for financial year ended 31 December 2020.

Share Analysis

The domestic equity market improved following the easing of COVID-19 restrictions which contributed to better growth prospects. The FBM KLCI closed marginally higher at 1,537.8 points (+0.3%) as at end-Sept 2021 (end-June: 1,532.6 points). Notably, August 2021 marked the first month of net foreign inflows into the domestic equities market (+RM1.0 billion) following 25 consecutive months of net sell-off by foreign investors (since July 2019). Foreign investors continued to register net inflows into the equities market in September.

[Source : Bank Negara Malaysia website]

PPB shares closed at RM18.36 compared with RM18.30 in the preceding quarter and market capitalisation increased to RM26,126 million. The average daily volume of PPB shares traded during the quarter increased by 4.90% to 492,884 shares.

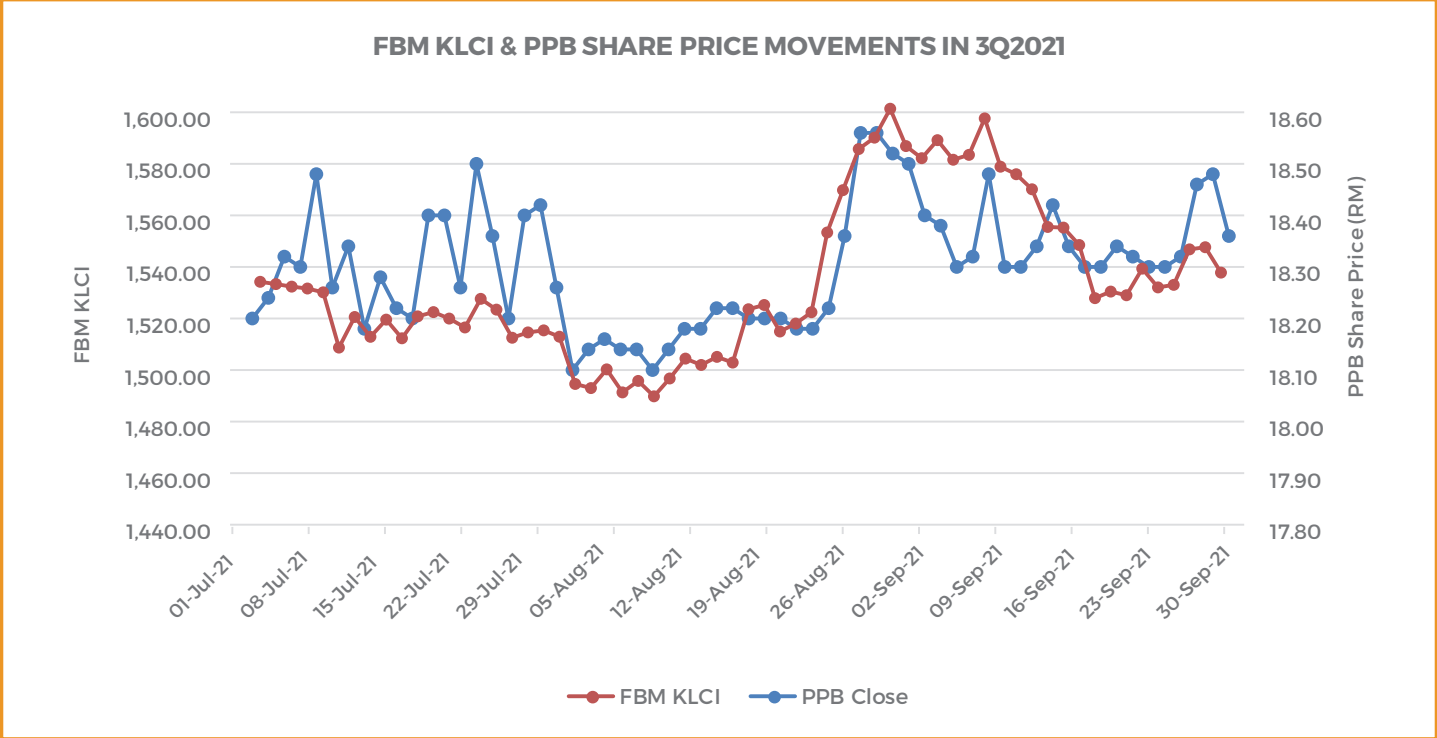
	3Q2021	2Q2021	% change
PPB share price (RM)			
Closing price (high)	18.56	18.74	-0.96%
Closing price (low)	18.10	18.30	-1.09%
Month end closing price	18.36	18.30	0.33%
Weighted share price	18.33	18.54	-1.17%
Market capitalisation (RM' million)	26,126	26,041	0.33%

PPB share trading volume (Number of shares)			
Daily volume (high)	1,808,200	3,608,300	-49.89%
Daily volume (low)	90,900	85,600	6.19%
Average daily volume	492,884	469,857	4.90%

FBM KLCI			
FBM KLCI closing (high)	1,601.38	1,623.47	-1.36%
FBM KLCI closing (low)	1,489.80	1,532.63	-2.79%
FBM KLCI quarter end closing	1,537.80	1,532.63	0.34%

FBM KLCI volume (Number of shares)			
Daily volume (high)	289,268,200	531,937,600	-45.62%
Daily volume (low)	54,744,000	62,205,300	-11.99%
Average daily volume	113,570,992	143,001,717	-20.58%

Share Analysis



Group Financial Highlights

Financial period/year ended (All figures in RM million)	9 months		12 months	
	30.09.21	30.09.20	Change %	31.12.20
INCOME STATEMENT				
Revenue	3,441	3,058	13	4,191
Profit before tax	1,006	1,021	-	1,421
Profit attributable to owners of the parent	994	932	7	1,317
STATEMENT OF FINANCIAL POSITION				
Non-current assets	23,130	21,037	10	21,889
<u>Current assets</u>				
Cash and cash equivalents	1,411	1,476	(4)	1,420
Others	2,112	1,599	32	1,575
Total current assets	3,523	3,075	15	2,995
Total assets	26,653	24,112	11	24,884
<u>Equity</u>				
Share capital	1,429	1,429	-	1,429
Reserves	22,554	20,602	9	21,389
Equity attributable to owners of the parent	23,983	22,031	9	22,818
Non-controlling interests	749	743	1	728
Total equity	24,732	22,774	9	23,546
<u>Non-current liabilities</u>				
Borrowings	111	9	>100	25
Others	372	342	9	379
Total non-current liabilities	483	351	38	404

Group Financial Highlights (continued)

Financial period/year ended (All figures in RM million)	9 months		12 months	
	30.09.21	30.09.20	Change %	31.12.20
Current liabilities				
Borrowings	958	441	>100	456
Others	480	546	(12)	478
Total current liabilities	1,438	987	46	934
 Total liabilities	 1,921	 1,338	 44	 1,338
 Total equity and liabilities	 26,653	 24,112	 11	 24,884

RATIOS

Return on equity attributable to owners of the parent (annualised)	(%)	5.5	5.6	5.8
Earnings per share	(sen)	69.8	65.5	92.6
Debt to equity ratio	(times)	0.04	0.02	0.02
Net assets per share	(RM)	16.9	15.5	16.0
Dividend per share for financial year	(sen)	10.0	8.0	46.0

STOCK MARKET INFORMATION

Share price	(RM)	18.36	19.00	18.52
Market capitalisation	(RM million)	26,126	27,037	26,354

Condensed Consolidated Income Statements

For The Period Ended 30 September 2021

	3rd Quarter ended 30 September		9 Months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,240,575	1,036,586	3,441,242	3,057,919
Operating expenses	(1,281,124)	(1,026,870)	(3,489,563)	(3,014,738)
Operating (loss)/profit	(40,549)	9,716	(48,321)	43,181
Other operating income/(loss)	21,538	(8,039)	(6,588)	67,361
Share of results of associates	442,622	434,147	1,082,843	927,846
Share of results of joint venture	1,111	1,282	3,373	3,103
Finance costs	(9,629)	(7,416)	(24,987)	(20,682)
Profit before taxation	415,093	429,690	1,006,320	1,020,809
Taxation	(6,672)	(8,115)	(3,123)	(46,924)
Profit for the period	408,421	421,575	1,003,197	973,885
Attributable to :				
Owners of the parent	407,908	411,574	993,556	931,572
Non-controlling interests	513	10,001	9,641	42,313
Profit for the period	408,421	421,575	1,003,197	973,885
Basic earnings per share (sen)	28.67	28.93	69.84	65.48

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

Condensed Consolidated Statements Of Comprehensive Income

For The Financial Period Ended 30 September 2021

	3rd Quarter ended 30 September		9 Months ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	408,421	421,575	1,003,197	973,885
Other comprehensive income, net of tax				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Fair value (loss)/gain on investment in equity instruments designated as fair value through other comprehensive income	(60,837)	(15,623)	22,372	(83,761)
Share of associates' other comprehensive (loss)/income	(16,189)	2,770	4,906	(68,505)
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	170,486	(555,582)	819,435	269,868
Share of associates' other comprehensive (loss)/income	(51,920)	288,368	50,086	(3,759)
Total comprehensive income	449,961	141,508	1,899,996	1,087,728
Attributable to :				
Owners of the parent	445,046	135,042	1,878,086	1,037,200
Non-controlling interests	4,915	6,466	21,910	50,528
Total comprehensive income	449,961	141,508	1,899,996	1,087,728

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-21 RM'000	As at 31-Dec-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,392,061	1,320,984
Investment properties	310,113	300,506
Right-of-use assets	231,844	254,461
Bearer plants	3,751	3,566
Land held for property development	100,470	100,178
Goodwill	71,201	71,201
Other intangible assets	8,070	7,704
Investment in associates	20,604,051	19,436,825
Investment in joint venture	27,205	22,549
Other investments	350,655	356,042
Deferred tax assets	30,521	14,605
Total non-current assets	23,129,942	21,888,621
Current assets		
Inventories	917,806	658,626
Biological assets	5,678	8,635
Property development costs	28,924	32,613
Trade receivables	720,476	597,145
Other receivables	378,720	265,910
Derivative financial assets	11,777	360
Current tax assets	49,312	11,407
Cash and cash equivalents	1,410,805	1,420,341
Total current assets	3,523,498	2,995,037
TOTAL ASSETS	26,653,440	24,883,658
EQUITY AND LIABILITIES		
Equity		
Share capital	1,429,314	1,429,314
Reserves	22,553,409	21,389,435
Equity attributable to owners of the parent	23,982,723	22,818,749
Non-controlling interests	749,315	727,696
Total equity	24,732,038	23,546,445

Condensed Consolidated Statements Of Financial Position (continued)

	As at 30-Sep-21 RM'000	As at 31-Dec-20 RM'000
ASSETS		
Non-current liabilities		
Borrowings	111,243	25,461
Lease obligations	218,561	239,307
Deferred tax liabilities	124,405	110,139
Provision for restoration cost	28,620	28,620
Total non-current liabilities	482,829	403,527
Current liabilities		
Trade payables	210,243	211,514
Other payables	209,211	175,788
Derivative financial liabilities	24,087	54,009
Borrowings	957,956	455,798
Lease obligations	29,089	28,844
Provision for restoration cost	960	1,695
Current tax liabilities	7,027	6,038
Total current liabilities	1,438,573	933,686
Total liabilities	1,921,402	1,337,213
TOTAL EQUITY AND LIABILITIES	26,653,440	24,883,658

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

Condensed Consolidated Statements Of Changes In Equity

For The Period Ended 30 September 2021

	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 2021						
At 1 January 2021	1,429,314	3,377,002	18,012,433	22,818,749	727,696	23,546,445
Total comprehensive income	-	868,490	1,009,596	1,878,086	21,910	1,899,996
Transfer of reserves	-	81,943	(111,942)	(29,999)	-	(29,999)
Dividends	-	-	(682,847)	(682,847)	(2,911)	(685,758)
Issue of shares to non-controlling interests	-	-	-	-	2,620	2,620
Changes in equity interest in subsidiaries of an associate	-	(1,266)	-	(1,266)	-	(1,266)
At 30 September 2021	1,429,314	4,326,169	18,227,240	23,982,723	749,315	24,732,038

9 Months ended 30 September 2021						
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

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

Condensed Consolidated Statements Of Cash Flows

For The Period Ended 30 September 2021

	9 Months ended 30 September	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,006,320	1,020,809
Adjustments:		
Non-cash items	(989,145)	(792,045)
Non-operating items	3,292	(11,037)
Operating profit before working capital changes	20,467	217,727
Working capital changes:-		
Net change in current assets	(390,628)	29,317
Net change in current liabilities	28,920	(213,928)
Cash used in operations	(341,241)	33,116
Tax paid	(41,784)	(22,559)
Net cash (used in)/generated from operating activities	(383,025)	10,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(172,058)	(87,849)
Proceeds from disposal of property, plant and equipment	2,868	503
Purchase of investments	(92,095)	(105,714)
Proceeds from disposal of investment	44,751	438
Dividends received	762,258	505,690
Income received from short-term fund placements	12,777	23,210
Interest received	3,268	5,867
(Advances to)/repayment from associates	(51,881)	4,576
Distribution of profit from joint venture	2,000	5,595
Proceeds from liquidation of an associate	10,321	-
Net cash generated from investing activities	522,209	352,316
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	574,803	94,693
Interest paid	(16,507)	(13,422)
Dividends paid	(685,758)	(443,677)
Payment of lease obligations	(29,641)	(27,409)
Shares issued to non-controlling interest of a subsidiary	2,620	4,145
Net cash used in financing activities	(154,483)	(385,670)
Net decrease in cash and cash equivalents	(15,299)	(22,797)
Cash and cash equivalents brought forward	1,420,202	1,500,571
Effect of exchange rate changes	5,817	(2,153)
Cash and cash equivalents carried forward	1,410,720	1,475,621
<u>Cash and cash equivalents represented by:</u>		
Cash and bank balances	333,172	254,680
Bank deposits	249,524	201,494
Short-term fund placements	828,109	1,019,465
Bank overdrafts	(85)	(18)
	1,410,720	1,475,621

(The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020)

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 2020 except for the adoption of the following Amendments to MFRS that are effective for financial periods beginning on or after 1 January 2021 :

Amendments to MFRS 9, MFRS 7 and MFRS 16

Interest Rate Benchmark Reform-Phase 2

The adoption of the above Amendments to MFRS did not have any material effect on 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 2021.

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 to-date.

A6. Dividend paid

During the financial period ended 30 September 2021, an interim dividend of 10 sen per share in respect of financial year ending 31 December 2021 was paid on 28 September 2021.

A7. Segmental reporting

Performance of the Group's business segments for the period ended 30 September 2021 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	2,648,449	480,927	44,114	149,220	69,882	48,650	-	3,441,242
Inter-segment sales	61,556	473	-	203	563	128	(62,923)	-
Total revenue	2,710,005	481,400	44,114	149,423	70,445	48,778	(62,923)	3,441,242
RESULTS								
Segment results	12,654	4,211	(94,841)	(1,952)	6,704	15,055	-	(58,169)
Share of results of associates	62,601	(1,864)	(5,068)	376	(1,623)	1,028,421	-	1,082,843
Share of results of joint venture	-	-	-	3,373	-	-	-	3,373
Unallocated corporate expenses	-	-	-	-	-	-	-	(21,727)
Profit/(Loss) before taxation	75,255	2,347	(99,909)	1,797	5,081	1,043,476	-	1,006,320

Notes (continued)

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 liabilities since the end of the previous financial year.

A11. Capital and other commitments

Authorised capital and other commitments not provided for in the financial statements as at 30 September 2021 are as follows:

	RM'000
Property, plant and equipment, investment properties and biological assets	
- contracted	78,164
- not contracted	360,576
	438,740
Other commitments	
- contracted	404,706
Total	843,446

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 September 2021 are as follows:

	RM'000
Transactions with associates	
- Film rental income	2,008
- Purchase of goods	6,793
Transactions with subsidiaries of the ultimate holding company	
- Supervision fee income	1,507
- Sales of goods	18,685
Transactions with subsidiaries of associates	
- Purchase of goods	382,458
- Sales of goods	114,310
- Rental income	2,500
- Other services expense	9,964
- Supervision fees income	1,224
- Freight cost	150,851

Notes (continued)

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
3Q2021								
REVENUE								
External revenue	989,004	161,002	3,058	55,081	17,280	15,150	-	1,240,575
Inter-segment sales	20,860	55	-	39	201	28	(21,183)	-
Total revenue	1,009,864	161,057	3,058	55,120	17,481	15,178	(21,183)	1,240,575
RESULTS								
Segment results	11,304	3,334	(36,223)	(3,864)	3	5,816	-	(19,630)
Share of results of associates	12,380	(1,338)	(4,457)	343	(763)	436,457	-	442,622
Share of results of joint venture	-	-	-	1,111	-	-	-	1,111
Unallocated corporate expenses	-	-	-	-	-	-	-	(9,010)
Profit/(Loss) before taxation	23,684	1,996	(40,680)	(2,410)	(760)	442,273	-	415,093
3Q2020								
REVENUE								
External revenue	788,648	145,665	25,743	47,330	14,685	14,515	-	1,036,586
Inter-segment sales	18,424	134	-	228	250	2,984	(22,020)	-
Total revenue	807,072	145,799	25,743	47,558	14,935	17,499	(22,020)	1,036,586
RESULTS								
Segment results	22,949	(1,300)	(24,561)	1,850	2,194	4,703	-	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	49,362	(823)	(28,236)	4,417	3,397	413,147	-	429,690
Variance								
Revenue (%)	25%	10%	-88%	16%	17%	-13%	4%	20%
Profit/(Loss) before taxation (%)	-52%	n.m	-44%	n.m	n.m	7%	-	-3%

n.m - not meaningful

Notes (continued)

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
9M2021								
REVENUE								
External revenue	2,648,449	480,927	44,114	149,220	69,882	48,650	-	3,441,242
Inter-segment sales	61,556	473	-	203	563	128	(62,923)	-
Total revenue	2,710,005	481,400	44,114	149,423	70,445	48,778	(62,923)	3,441,242
RESULTS								
Segment results	12,654	4,211	(94,841)	(1,952)	6,704	15,055	-	(58,169)
Share of results of associates	62,601	(1,864)	(5,068)	376	(1,623)	1,028,421	-	1,082,843
Share of results of joint venture	-	-	-	3,373	-	-	-	3,373
Unallocated corporate expenses	-	-	-	-	-	-	-	(21,727)
Profit/(Loss) before taxation	75,255	2,347	(99,909)	1,797	5,081	1,043,476	-	1,006,320
9M2020								
REVENUE								
External revenue	2,296,476	471,497	105,265	104,976	36,372	43,333	-	3,057,919
Inter-segment sales	64,755	497	-	431	710	3,280	(69,673)	-
Total revenue	2,361,231	471,994	105,265	105,407	37,082	46,613	(69,673)	3,057,919
RESULTS								
Segment results	151,421	20,579	(79,177)	2,704	174	17,868	-	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	230,814	19,290	(89,155)	11,296	(438)	872,711	-	1,020,809
Variance								
Revenue (%)	15%	2%	-58%	42%	90%	5%	10%	13%
Profit/(Loss) before taxation (%)	-67%	-88%	-12%	-84%	n.m	20%	-	-1%

n.m - not meaningful

Group performance review

For the third quarter of 2021, the Group achieved a total revenue of RM1.24 billion, 20% higher as compared to RM1.04 billion recorded in 3Q2020; improvement was seen across all key segments with the exception of *Film exhibition and distribution*, which was affected by cinema closures due to the reimposition of nationwide containment measures during most of 3Q2021. Pre-tax profit however, was lower at RM415 million from RM430 million recorded in the preceding year corresponding quarter. The lower profit was mainly attributable to lower profit recorded at the *Grains and agribusiness* segment at RM24 million (3Q2020: RM49 million) and higher losses recorded by the *Film exhibition and distribution* segment at RM41 million (3Q2020: RM28 million), partially offset by higher contribution from Wilmar International Limited ("Wilmar") by 6% to RM432 million.

For 9M2021, Group revenue increased by 13% to RM3.44 billion; with the exception of the *Film exhibition and distribution* segment, all core segments recorded higher revenue during the period under review.

Group pre-tax profit for 9M2021 remained unchanged at RM1.01 billion (9M2020: RM1.02 billion), the weaker performance recorded by the Group's core segments was partially offset by higher contribution from Wilmar, with increased profit contribution by 20% to RM1.03 billion.

Grains and agribusiness

Segment revenue for 3Q2021 and 9M2021 was higher by 25% and 15% to RM1.01 billion and RM2.71 billion respectively from a year ago. The segment recorded lower profit by 52% to RM24 million in the third quarter of 2021 (3Q2020: RM49 million) and 67% lower in 9M2021 to RM75 million (9M2020: RM231 million). The segment experienced a significant increase in raw material costs of flour, feed and maize products; with limited price-in mechanism, profit margin compression continued to impact profitability since second quarter of the year. Fair value loss on derivative instruments for hedging purposes amounted to RM51.2 million for the first 9 months of the year as compared to a gain of RM32.9 million recorded in the previous year corresponding period.

Consumer products

Segment revenue and profit for 3Q2021 was at RM161 million (3Q2020: RM146 million) and RM2 million (3Q2020: loss of RM823,000).

For 9M2021 segment revenue was higher by 2% to RM481 million (9M2020: RM472 million). Segment profit for 9M2021 was at RM2 million (9M2020: RM19 million). Excluding the one-off gain on the step-acquisition of an associate amounting to RM10 million in 2020, the weaker segment results was attributable to higher product costs on the back of rising commodity prices.

Film exhibition and distribution

Segment revenue for 3Q2021 and 9M2021 was at RM3 million (3Q2020: RM26 million) and RM44 million (9M2020: RM105 million) respectively. For 3Q2021 and 9M2021, the segment recorded higher losses at RM41 million (3Q2020: RM28 million) and RM100 million (9M2020: RM89 million) respectively. Cinema operations were significantly impacted by the prolonged cinema closures throughout the 9M2021 as the country imposed nationwide containment measures to contain the Covid-19 pandemic.

Environmental engineering and utilities

Segment revenue for 3Q2021 and 9M2021 was higher at RM55 million (3Q2020: RM48 million) and RM149 million (9M2020: RM105 million) respectively. The segment recorded a loss of RM2 million for 3Q2021 (3Q2020: profit of RM4 million) and a profit of RM2 million for 9M2021 (9M2020: RM11 million). Performance in 3Q2021 was affected by a loss on disposal of a 40% associate involved in the landfill operations amounting to RM4 million. Contribution from the associate immediately prior to the disposal was significantly lower, with a loss of RM526,000 as compared to a profit of RM4.5 million recorded in the previous year corresponding period.

Property

In 3Q2021, the segment recorded higher revenue at RM17 million (3Q2020: RM15 million) with a loss of RM760,000 (3Q2020: profit of RM3.4 million). Mall operations were significantly impacted by the nationwide containment measures and negated the positive effect of the progressive profit recognition at the Megah Rise project.

Other operations

Profit for 3Q2021 and 9M2021 amounted to RM442 million (3Q2020: RM413 million) and RM1.04 billion (9M2020: RM873 million) respectively. Contributions from Wilmar for 3Q2021 and 9M2021 were at RM432 million (3Q2020: RM409 million) and RM1.03 billion (9M2020: RM855 million) respectively.

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

Group pre-tax profit was significantly higher at RM415 million for 3Q2021 (2Q2021: RM145 million). This was mainly attributable to higher contribution from Wilmar by RM183 million to RM432 million (2Q2021: RM249 million) and the turnaround of the *Grains and agribusiness* segment with a profit of RM24 million (2Q2021: RM72 million loss).

B3. Prospects

The Malaysian economy contracted by 4.5% in the third quarter of 2021, largely attributed to the reimposition of nationwide containment measures during the quarter. The restrictions on mobility negatively impacted consumption and investment activities across all economic sectors. Notwithstanding the continued increase in public consumption spending, which provided some support to overall growth, all economic sectors registered a contraction.

For 2021, the domestic economy is expected to expand by 3% to 4% in 2021. The successful rollout of the National Immunization Programme has enabled a phased reopening of broad economic sectors and allowed the Malaysian economy to begin its recovery. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, complemented by continued policy support.

As food commodity prices continue their uptrend since the second quarter of 2021 as a result of global supply shocks and supply chain disruptions, the flow through impact of higher raw material prices have caused further gross profit margin compression in the *Grains and agribusiness* segment. Performance of the *Grains and agribusiness* segment continues to be affected by the highly volatile food commodity market and high freight cost as global supply disruptions show no sign of easing in the immediate future.

The *Consumer products* segment is facing higher cost of products following an increase in commodity prices and logistics costs. Notwithstanding the rising costs, this segment is expected to perform satisfactorily as it continues to expand its market place through the food services channel and e-commerce platform.

The *Film exhibition and distribution* segment is set to recover as the Government allowed the cinemas to reopen in September 2021. This is timely as our newly acquired and rebranded former MBO cinemas are reopening in stages in the final quarter of the year.

The end of the year is seasonally strong for the *Film exhibition and distribution* segment in view of the festive and holiday period. The strong movie titles lined up for the fourth quarter will contribute positively to the segment.

Management is confident that a robust close to the year will set a strong recovery pace in the following year. Cost control measures and revenue diversification remain our top priorities to improve operating cash flow and financial performance.

Notes (continued)

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 is expected to improve with the easing of the national movement containment measures towards the last quarter of the year. Improving footfall in all our malls and completing the development of the Megah Rise project remains our top priority.

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 taxation

	3rd Quarter ended 30-Sep-21 RM'000	9 Months ended 30-Sep-21 RM'000
Profit before taxation was stated after charging/(crediting):		
Interest income and income from short-term fund placements	(5,129)	(16,357)
Dividend income	(1,705)	(5,338)
Net foreign exchange gain	(5,198)	(11,762)
Net fair value (gain)/loss on derivatives	(3,850)	53,252
Allowance for doubtful debts and receivables written off	2,372	4,733
Depreciation and amortisation	40,671	122,455
Interest expense on lease obligations	2,651	8,182

B6. Tax expense

	3rd Quarter ended 30-Sep-21 RM'000	9 Months ended 30-Sep-21 RM'000
Taxation comprises:		
Malaysian taxation		
Current tax credit	(8,694)	(365)
Deferred tax expense/(credit)	13,440	(5,846)
	4,746	(6,211)
Foreign taxation		
Current tax expense	1,184	4,249
Deferred tax expense	831	4,110
	6,761	2,148
(Over)/Under provision in prior years:		
Current tax	(3)	995
Deferred tax	(86)	(20)
	6,672	3,123

Notes (continued)

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 24 November 2021.

B8. Group borrowings

Total Group borrowings as at 30 September 2021 were as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loan	91,997	-	91,997
Long-term bank loan (VND)	19,210	19,210	-
Hire purchase financing	36	36	-
	111,243	19,246	91,997
Short-term bank borrowings			
Bills payable (IDR)	266,337	-	266,337
Short-term loan	175,000	-	175,000
Short-term loan (USD)	364,889	-	364,889
Short-term loan (VND)	151,561	-	151,561
Hire purchase financing	84	84	-
	957,871	84	957,787
Bank overdrafts	85	-	85
	957,956	84	957,872

B9. Derivative financial instruments

(a) Derivative financial assets and financial liabilities as at 30 September 2021:

	Contract / Notional value RM'000	Fair value - Assets / Liabilities RM'000
<u>Derivative financial assets</u>		
i) Futures contracts	934,919	10,833
ii) Forward foreign currency contracts	281,317	944
Total derivative assets		11,777
<u>Derivative financial liabilities</u>		
i) Options contracts	420,400	20,607
ii) Futures contracts	147,781	1,780
iii) Forward foreign currency contracts	107,372	1,700
Total derivative liabilities		24,087

All contracts will be maturing within one year.

Notes (continued)

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 manage volatility of commodity prices. It is the policy of the Group to manage the commodity prices with reference to underlying contracts of corresponding 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 2020 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 3Q2021, unrealised fair value gain on derivative financial instruments amounted to RM57.9 million (3Q2020: RM9.6 million loss).

For 9M2021, unrealised fair value gain on derivative financial instruments amounted to RM12.9 million (9M2020: RM12.7 million loss).

B10. Material litigation

There was no material litigation as at 24 November 2021.

B11. Dividend

An interim dividend of 10 sen per share in respect of financial year ending 31 December 2021 was paid on 28 September 2021.

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

Notes (continued)

B12. Earnings per share

	3rd Quarter ended 30 September		9 Months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net profit for the period	407,908	411,574	993,556	931,572
Number of ordinary shares in issue ('000)	1,422,599	1,422,599	1,422,599	1,422,599
Basic earnings per share (sen)	28.67	28.93	69.84	65.48

There were no potential dilutive ordinary shares outstanding as at 30 September 2021 and 30 September 2020. As a result, there were no diluted earnings per share for the financial period ended 30 September 2021 and 30 September 2020.

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

The auditors' report for the financial year ended 31 December 2020 was not subject to any qualification.

Kuala Lumpur
30 November 2021

By Order of the Board
Mah Teck Keong
Company Secretary



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