

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2016

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2016

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	983,726	994,709	3,162,931	2,957,714
Operating expenses	(902,810)	(937,269)	(2,973,009)	(2,815,812)
Other operating income	32,963	72,697	146,775	167,087
Share of net profits less losses of associates	319,602	211,691	363,205	510,265
Share of profit of joint venture	1,394	1,683	3,414	4,748
Finance costs	(5,150)	(6,617)	(19,031)	(21,628)
Profit before tax	429,725	336,894	684,285	802,374
Tax expense	(28,274)	(33,895)	(82,824)	(81,694)
Profit for the period	<u>401,451</u>	<u>302,999</u>	<u>601,461</u>	<u>720,680</u>
Attributable to :				
Owners of the parent	381,445	294,739	548,965	710,290
Non-controlling interests	20,006	8,260	52,496	10,390
Profit for the period	<u>401,451</u>	<u>302,999</u>	<u>601,461</u>	<u>720,680</u>
Basic earnings per share (sen)	<u>32.18</u>	<u>24.86</u>	<u>46.31</u>	<u>59.91</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 30 September 2016

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	401,451	302,999	601,461	720,680
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Foreign exchange differences arising during the year :				
- Exchange differences on translation of foreign operations	484,633	2,563,096	(605,599)	3,658,430
- Reclassification adjustments to profit or loss upon liquidation of a subsidiary	-	(5,285)	-	(5,285)
Fair value of available-for-sale financial assets :-				
- Gains/(Losses) arising during the period	39,312	(108,950)	22,821	(98,433)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	-	-	(794)
Share of associates' other comprehensive loss	(30,750)	(519,339)	(114,726)	(715,026)
Total comprehensive income/(loss)	<u>894,646</u>	<u>2,232,521</u>	<u>(96,043)</u>	<u>3,559,572</u>
Attributable to :				
Owners of the parent	865,757	2,193,076	(141,936)	3,501,937
Non-controlling interests	<u>28,889</u>	<u>39,445</u>	<u>45,893</u>	<u>57,635</u>
Total comprehensive income/(loss)	<u>894,646</u>	<u>2,232,521</u>	<u>(96,043)</u>	<u>3,559,572</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Financial Position

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,293,683	1,356,671
Investment properties	192,976	195,831
Biological assets	3,369	3,364
Goodwill	73,746	73,746
Other intangible assets	2,488	2,962
Land held for property development	87,888	41,645
Investments in associates	16,196,631	16,813,778
Investment in joint venture	63,234	66,934
Other investments	449,804	427,198
Deferred tax assets	990	5,644
	<u>18,364,809</u>	<u>18,987,773</u>
Current Assets		
Inventories	637,499	682,210
Biological assets	19,189	20,769
Other intangible assets	14,957	12,175
Property development costs	3,957	4,964
Receivables	926,064	998,277
Derivative financial instruments	2,189	14,229
Cash, bank balances, deposits and short-term fund placements	1,228,467	1,196,343
	<u>2,832,322</u>	<u>2,928,967</u>
Non-current assets classified as held for sale	67,945	8,734
	<u>2,900,267</u>	<u>2,937,701</u>
TOTAL ASSETS	<u><u>21,265,076</u></u>	<u><u>21,925,474</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	18,310,789	18,731,477
Equity attributable to owners of the parent	19,496,289	19,916,977
Non-controlling interests	676,970	635,594
Total equity	<u>20,173,259</u>	<u>20,552,571</u>

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Financial Position
(continued)

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
Non-current Liabilities		
Long-term borrowings	75,394	111,170
Deferred tax liabilities	96,531	97,225
	<u>171,925</u>	<u>208,395</u>
Current Liabilities		
Payables	359,129	528,992
Derivative financial instruments	73	4,709
Short-term borrowings	518,862	615,707
Current tax liabilities	37,890	15,100
	<u>915,954</u>	<u>1,164,508</u>
Liabilities associated with non-current assets held for sale	3,938	-
	<u>919,892</u>	<u>1,164,508</u>
Total liabilities	<u>1,091,817</u>	<u>1,372,903</u>
TOTAL EQUITY AND LIABILITIES	<u>21,265,076</u>	<u>21,925,474</u>
Net assets per share attributable to owners of the parent (RM)	<u>16.45</u>	<u>16.80</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2016

	Non-distributable						Distributable		Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
9 months ended 30 September 2016											
At 1 January 2016	1,185,500	6,715	40,477	2,729,110	(3,729)	(11,516)	165,798	15,804,622	19,916,977	635,594	20,552,571
Total comprehensive (loss)/income	-	-	-	(671,374)	22,821	(26,472)	(15,876)	548,965	(141,936)	45,893	(96,043)
Transfer of reserves	-	-	(861)	-	-	-	5,599	(4,454)	284	(284)	-
Issue of shares to a non-controlling interest	-	-	-	-	-	-	-	-	-	7,873	7,873
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	5,569	5,569	(7,118)	(1,549)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(463)	(463)
Changes in equity interest in an associate	-	-	-	-	-	-	-	11,770	11,770	-	11,770
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(4,525)	(300,900)
At 30 September 2016	1,185,500	6,715	39,616	2,057,736	19,092	(37,988)	155,521	16,070,097	19,496,289	676,970	20,173,259
9 months ended 30 September 2015											
At 1 January 2015	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
Total comprehensive income/(loss)	-	-	-	3,073,081	(98,827)	(106,793)	(75,814)	710,290	3,501,937	57,635	3,559,572
Transfer of reserves	-	-	(321)	-	-	-	(31,848)	32,169	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	160	160	(6,685)	(6,525)
Issue of shares to a non-controlling interest	-	-	-	-	-	-	-	-	-	28,577	28,577
Return of capital by a subsidiary	-	-	-	-	-	-	-	-	-	(2,495)	(2,495)
Changes in equity interest in an associate	-	-	-	-	-	-	-	11,948	11,948	-	11,948
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(1,711)	(286,231)
At 30 September 2015	1,185,500	6,715	44,347	3,331,900	(9,201)	(29,896)	161,316	15,359,357	20,050,038	636,124	20,686,162

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

**Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 September 2016**

	9 months ended 30 September	
	2016	2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	684,285	802,374
Adjustments :		
Non-cash items	(247,854)	(443,187)
Non-operating items	(18,179)	(13,270)
Operating profit before working capital changes	<u>418,252</u>	<u>345,917</u>
Working capital changes :-		
Net change in current assets	69,059	5,052
Net change in current liabilities	(166,233)	(49,014)
Cash generated from operations	<u>321,078</u>	<u>301,955</u>
Tax paid	(55,533)	(65,615)
Net cash generated from operating activities	<u>265,545</u>	<u>236,340</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(98,252)	(150,772)
Proceeds from disposal of property, plant and equipment and investment properties	25,197	5,802
Purchase of investments	(4,399)	(19,003)
Dividends received	290,413	271,692
Income from short-term fund placements	14,618	11,957
Interest received	14,161	12,839
Advances to associates	(44,004)	(39,312)
Distribution of profits from joint venture	3,578	4,360
Other investing activities	4,056	4,086
Net cash generated from investing activities	<u>205,368</u>	<u>101,649</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(124,615)	15,572
Interest paid	(19,135)	(22,670)
Dividends paid	(300,900)	(286,231)
Shares issued to non-controlling interest of a subsidiary	7,873	-
Return of capital to non-controlling interest of a subsidiary	-	(2,495)
Repayment to non-controlling interest of a subsidiary	-	(31,997)
Net cash used in financing activities	<u>(436,777)</u>	<u>(327,821)</u>
Net increase in cash and cash equivalents	<u>34,136</u>	<u>10,168</u>
Cash and cash equivalents brought forward	1,196,309	1,079,040
Effect of exchange rate changes	(3,000)	20,162
Cash and cash equivalents carried forward	<u><u>1,227,445</u></u>	<u><u>1,109,370</u></u>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	276,854	214,534
Bank deposits	319,379	465,546
Short-term fund placements	632,234	431,288
Bank overdrafts	(1,022)	(1,998)
	<u><u>1,227,445</u></u>	<u><u>1,109,370</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

NOTES

A. Financial Reporting Standard (FRS) 134 - Paragraph 16**A1. Accounting policies**

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 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 2015 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2016 :

Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012 - 2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative

The adoption of the above Amendments to FRSs does not have any significant financial impact on the Group.

A2. Seasonality or Cyclicity of Interim Operations

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

A3. Unusual items affecting assets, liabilities, equity, net income or cash flow

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current financial period to-date under review.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the prior 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. Dividends paid

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2015 : Final single tier dividend - 17 sen per share	-	201,535
FY2016 : Interim single tier dividend - 8 sen per share	94,840	94,840
	<u>94,840</u>	<u>296,375</u>

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 2016 is as follows :

Business segments: <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
REVENUE									
External revenue	2,057,058	465,425	366,856	149,253	42,242	4,706	77,391	-	3,162,931
Inter-segment sales	86,906	1,367	-	-	1,483	-	25,391	(115,147)	-
Total revenue	<u>2,143,964</u>	<u>466,792</u>	<u>366,856</u>	<u>149,253</u>	<u>43,725</u>	<u>4,706</u>	<u>102,782</u>	<u>(115,147)</u>	<u>3,162,931</u>
RESULTS									
Segment results	204,932	12,347	57,684	6,517	27,146	4,762	8,357	-	321,745
Share of associates' profits less losses	34,070	(371)	9,431	4,954	10,945	-	304,176	-	363,205
Share of joint venture's profit	-	-	-	3,414	-	-	-	-	3,414
Interest income									13,413
Income from short-term fund placements									15,291
Finance costs									(19,031)
Unallocated corporate expenses									(13,752)
Profit before tax									<u>684,285</u>
ASSETS									
Segment assets	2,192,818	511,578	319,707	67,945	364,131	449,804	129,553	(311)	4,035,225
Investments in associates	332,132	1,580	165,880	50,384	185,965	-	15,460,690	-	16,196,631
Investment in joint venture	-	-	-	63,234	-	-	-	-	63,234
Bank deposits and short-term fund placements									951,613
Tax assets									4,874
Other unallocated corporate assets									13,499
Total assets									<u>21,265,076</u>

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

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

A9. Changes in the composition of the Group

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

- a) On 9 May 2016, SES Environmental Services Sdn Bhd and Solar Status Sdn Bhd, both indirect subsidiaries of PPB, entered into a sale and purchase agreement to dispose of their respective 65% and 15% equity interests in AWS Sales and Services Sdn Bhd ("AWS"). Accordingly, AWS has ceased to be a subsidiary of PPB.
- b) On 1 September 2016, PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Peakland Property Management Sdn Bhd ("Peakland") for cash at par. Arising therefrom, Peakland has become a wholly-owned subsidiary of PPB.
- c) On 1 September 2016, Kembang Developments Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- d) On 20 September 2016, CWM Group Sdn Bhd ("CWM"), a 100%-owned indirect subsidiary of PPB held via Chemquest Sdn Bhd, acquired the entire issued and paid-up share capital comprising 10,000 ordinary shares of RM1 each in Dinamik Cemerlang Sdn Bhd ("DCSB") for a total cash consideration of RM1.9 million. DCSB holds 30% equity interest in Cipta Wawasan Maju Engineering Sdn Bhd ("CWME"), an existing 70%-owned indirect subsidiary of PPB held through CWM.

Arising from the above, DCSB and CWME have become 100%-owned indirect subsidiaries of PPB.

- e) On 30 September 2016, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB acquired the entire issued and paid-up share capital comprising two ordinary shares of RM1 each in Mediamore Sdn Bhd ("MSB") for cash at par. Arising therefrom, MSB has become an indirect 100%-owned subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

There were no changes in contingent assets and contingent liabilities since the end of the last annual reporting period.

A11. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 September 2016 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	76,146
- not contracted	242,492
	<u>318,638</u>
Other capital commitments	
- contracted	42,257
	<u>42,257</u>
	<u><u>360,895</u></u>

A12. Significant related party transactions

Significant related party transactions during the period ended 30 September 2016 were as follows :

	RM'000
Transactions with associates	
- Management fees received/receivable	567
- Film rental received/receivable	553
- Purchase of goods	3,800
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Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	4,880
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Transactions with subsidiaries of associates	
- Purchase of goods	119,723
- Sales of goods	48,228
- Rental received	2,597
- Project management fees received/receivable	2,432
- Security and other service fees paid/payable	2,914
- Marketing fees received/receivable	1,574
- Supervision fees received/receivable	1,301
- Charter hire of vessels	40,906
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B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Analysis of performance for the financial period to-date**

The Group registered a marginal decrease in revenue to RM984 million in 3Q2016 compared with RM995 million in 3Q2015. This was mainly due to lower revenue generated from the *Environmental engineering and utilities*, *Property* as well as *Investments and Other operations* segments. For 9M2016, Group revenue rose 7% to RM3.2 billion from RM3 billion for 9M2015, primarily driven by higher revenue from the *Grains and agribusiness*, *Film exhibition and distribution*, and *Consumer products* segments.

Group segment pre-tax profit increased by 28% to RM430 million in 3Q2016 compared with RM337 million in 3Q2015, largely attributed to higher profit contribution from an associate, Wilmar International Limited ("Wilmar"). For 9M2016, Group segment pre-tax profit was lower at RM685 million compared with RM802 million for 9M2015. Despite better results from the *Grains and agribusiness*, *Film exhibition and distribution*, and *Property* segments, Group profit was moderated by lower profit contribution from Wilmar. The *Consumer products*, *Investments and Other operations* as well as *Environmental engineering and utilities* segments have also contributed lower results for the year to-date under review.

Group financial performance by business segment

	3Q2016	3Q2015	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	687,468	676,327	11,141	2%
Consumer products	152,589	144,076	8,513	6%
Film exhibition and distribution	105,033	103,998	1,035	1%
Environmental engineering and utilities	32,498	55,772	(23,274)	(42%)
Property	11,437	14,461	(3,024)	(21%)
Investments and Other operations	30,992	32,406	(1,414)	(4%)
Elimination	(36,291)	(32,331)	(3,960)	
Total revenue	983,726	994,709	(10,983)	(1%)

	9M2016	9M2015	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	2,143,964	1,963,870	180,094	9%
Consumer products	466,792	445,047	21,745	5%
Film exhibition and distribution	366,856	328,240	38,616	12%
Environmental engineering and utilities	149,253	177,259	(28,006)	(16%)
Property	43,725	44,880	(1,155)	(3%)
Investments and Other operations	107,488	109,889	(2,401)	(2%)
Elimination	(115,147)	(111,471)	(3,676)	
Total revenue	3,162,931	2,957,714	205,217	7%

	3Q2016	3Q2015	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	88,175	88,062	113	0%
Consumer products	4,791	3,526	1,265	36%
Film exhibition and distribution	7,843	13,495	(5,652)	(42%)
Environmental engineering and utilities	779	3,505	(2,726)	(78%)
Property	4,385	7,408	(3,023)	(41%)
Investments and Other operations	2,836	9,006	(6,170)	(69%)
Total segment results	108,809	125,002	(16,193)	(13%)
Share of associates and joint venture's profits less losses	320,996	213,374	107,622	50%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(80)	(1,482)	1,402	95%
Total profit before tax	429,725	336,894	92,831	28%

	9M2016	9M2015	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	204,932	187,631	17,301	9%
Consumer products	12,347	15,279	(2,932)	(19%)
Film exhibition and distribution	57,684	50,180	7,504	15%
Environmental engineering and utilities	6,517	8,123	(1,606)	(20%)
Property	27,146	20,324	6,822	34%
Investments and Other operations	13,119	14,925	(1,806)	(12%)
Total segment results	321,745	296,462	25,283	9%
Share of associates and joint venture's profits less losses	366,619	515,013	(148,394)	(29%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(4,079)	(9,101)	5,022	55%
Total profit before tax	684,285	802,374	(118,089)	(15%)

Grains and agribusiness

The segment revenue was up by 2% to RM687 million in 3Q2016 and grew 9% to RM2.1 billion for 9M2016, compared with RM676 million in 3Q2015 and RM2 billion for 9M2015, mainly driven by the higher flour sales volume in Vietnam as well as higher selling prices and sales volume in Indonesia. Improved sales volume and selling prices of day-old-chicks also contributed to the growth in segment revenue.

Grains and agribusiness' profits of RM88 million in 3Q2016 were broadly similar to the same quarter in 2015. For 9M2016, segment profits increased to RM205 million from RM188 million for 9M2015, primarily from higher sales volume and better margin due to increased selling prices of flour at the Group's Indonesian flour mill. In addition, the livestock division has turned around riding on higher selling prices of day-old-chicks.

Consumer products

Segment revenue continued to grow in 3Q2016 to RM153 million and RM467 million for 9M2016 compared with RM144 million and RM445 million respectively in the corresponding periods last year, mainly supported by distribution of new agency products, improved sales of existing in-house and agency products and higher sales volume of bakery products.

In 3Q2016, higher segment profit of RM4.8 million was mainly derived from increased sales of bakery products. Despite better results delivered by bakery division, segment profits decreased by 19% to RM12 million for 9M2016 compared with RM15 million for 9M2015 mainly due to higher staff and distribution costs.

Film exhibition and distribution

The *Film exhibition and distribution* segment recorded a small revenue increase to RM105 million in 3Q2016 compared with RM104 million in 3Q2015 mainly due to higher distribution income despite weaker titles released. However, revenue improved by 12% to RM367 million for 9M2016 compared with last year due to the strong performance in 1Q2016 which benefitted from Chinese New Year and local titles. New cinemas which opened in 2015 and higher concession sales also contributed to the nine months results.

In 3Q2016, segment profit was lower at RM7.8 million compared with RM13 million in 3Q2015 mainly due to weaker movies released. Significantly higher revenue registered in 1Q2016 helped boost the segment's profitability from RM50 million for 9M2015 to RM58 million for 9M2016.

Environmental engineering and utilities

Segment revenue for 3Q2016 and 9M2016 was lower at RM32 million and RM149 million respectively compared with the same periods last year. This was mainly due to most of the environmental engineering projects have been completed and handed over in previous quarters.

Accordingly, the segment reported lower profits of RM0.8 million in 3Q2016 and RM6.5 million for 9M2016 in line with the lower revenue.

Property

The *Property* segment posted lower revenue of RM11 million in 3Q2016 compared with RM14 million in 3Q2015 due mainly to the recognition of progress billings on delivery of vacant possession of bungalows in Taman Tanah Aman in Penang in previous quarters this year. For 9M2016, higher progress billings from property development were negated by the reduced rental income from lower occupancy rates in investment properties. This resulted in a slight decrease in segment revenue from RM45 million for 9M2015 to RM44 million in the year to-date under review.

Segment profit reduced to RM4.4 million in 3Q2016 from RM7.4 million in 3Q2015 as a result of lower revenue. Notwithstanding the lower revenue for 9M2016, segment profit was 34% higher at RM27 million mainly due to gains on disposal of land and building as well as higher progress billings which more than offset lower rentals from investment properties.

Investments and Other operations

The combined segment revenue decreased by 4% in 3Q2016 to RM31 million and 2% for 9M2016 to RM107 million compared with RM32 million and RM110 million respectively in the corresponding periods last year. Higher sales from the chemical manufacturing business was offset by lower investment income and packaging revenue in 9M2016.

The combined segments collectively registered lower profits of RM2.8 million in 3Q2016 and RM13 million for 9M2016, from RM9 million in 3Q2015 and RM15 million for 9M2015. Higher profits from the chemical manufacturing division was offset by lower investment income for 9M2016. The higher profits in 9M2015 was due mainly to a one-time gain on liquidation of a subsidiary.

Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits was RM321 million in 3Q2016 compared with RM213 million in 3Q2015. Wilmar contributed higher profits of RM293 million in 3Q2016 against RM205 million in 3Q2015, mainly attributed to good performance from its Tropical oils segment as well as the Oilseeds and grains segment. For 9M2016, profit contribution from associates and joint venture was lower at RM367 million compared with RM515 million in 9M2015. Wilmar's contribution for 9M2016 was RM304 million against RM499 million for 9M2015, as a result of losses incurred in the second quarter of this year.

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

Segment results	3Q2016	2Q2016	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	88,175	78,910	9,265	12%
Consumer products	4,791	4,931	(140)	(3%)
Film exhibition and distribution	7,843	15,854	(8,011)	(51%)
Environmental engineering and utilities	779	1,759	(980)	(56%)
Property	4,385	17,503	(13,118)	(75%)
Investments and Other operations	2,836	7,180	(4,344)	(61%)
Total segment results	108,809	126,137	(17,328)	(14%)
Share of associates and joint venture's profits less losses	320,996	(154,494)	475,490	>100%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(80)	(499)	419	84%
Total profit/(loss) before tax	429,725	(28,856)	458,581	>100%

The Group recorded a pre-tax profit of RM430 million in 3Q2016 compared with a loss before tax of RM29 million in 2Q2016.

The *Grains and agribusiness* segment profits increased to RM88 million mainly due to increase in sales volume and better margins, coupled with improved performance in the livestock division as a result of higher selling prices of day-old-chicks. The Group's share of Wilmar's profit in 3Q2016 was RM293 million, compared with a loss of RM170 million in 2Q2016.

The *Property* segment recorded lower profit of RM4.4 million as there was a larger gain on the disposal of land and building as well as profit recognition on delivery of vacant possession in 2Q2016. The *Film exhibition and distribution* profit was lower due to weaker line-up of movies in 3Q2016; while the combined segment posted lower results mainly due to lesser investment income, and lower export sales of products with better margins in the chemical manufacturing business. The *Environmental engineering and utilities* segment registered lower profits in line with lower revenue recognised.

B3. Prospects for the current financial year

Bank Negara Malaysia has reported that the Malaysian economy is expected to grow by 4 - 4.5% in 2016. Domestic demand remains as the key driver of growth, supported particularly by private sector spending. The recent 2017 budget announced by the Malaysian government with additional incentives to help increase disposable income is expected to support the domestic economy and encourage private consumption.

The *Grains and agribusiness* segment continues to be competitive with moderate revenue growth expected for the final quarter of the year, underpinned by seasonal increase in demand in both the domestic and overseas markets. The *Consumer products* segment remains challenging amidst cautious consumer spending and uncertainties with the current economic environment. The *Film exhibition and distribution* business will benefit from the better movie line-up in the last quarter. The *Environmental engineering and utilities* segment will deliver lower revenue from the current on-going projects. The *Property* segment is affected by lower property sales, and occupancy rates of the investment properties, due to weak property and retail market sentiments.

While the Group's main business segments are largely expected to perform well in 2016; the overall consolidated financial results for the year will continue to be substantially supported by Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
Profit before tax is stated after crediting :		
Dividend income	1,152	4,706
Fair value gain on derivatives	8,549	51,123
Foreign exchange gain	3,075	27,030
Interest income	4,114	13,413
Income from short-term fund placements	5,694	15,291
Rental income	1,284	3,799
Gain on disposal of a subsidiary	-	175
Gain on disposal of land and building	3,014	10,331
(Loss)/Gain on financial assets at fair value through profit or loss	(72)	56
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(1,315)	(2,859)
Depreciation and amortisation	(37,061)	(89,523)
Fair value gain/(loss) on derivatives	876	(13,636)
Foreign exchange gain/(loss)	10,213	(26,412)
Interest expense	(5,150)	(19,031)

B6. Tax expense

	Individual Quarter 3 months ended 30-Sep-16 RM'000	Cumulative Quarter 9 months ended 30-Sep-16 RM'000
Taxation comprises :		
Malaysian taxation		
Current	25,431	75,144
Deferred	2,179	(1,732)
	27,610	73,412
Foreign taxation		
Current	1,854	10,518
Deferred	1,767	1,850
	31,231	85,780
(Over)/Under provision in prior year		
Current	(3,676)	(3,675)
Deferred	719	719
	28,274	82,824

The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax credit not recognised by certain subsidiaries. Deferred tax benefit will be recognised when the subsidiaries are able to estimate accurately the timing of its future profits.

B7. Status of corporate proposals

On 9 September 2016, FFM Berhad ("FFM"), an 80%-owned subsidiary of PPB entered into a subscription and purchase agreement with BRF Foods GmbH ("BRF Foods"), whereby BRF Foods would acquire (via subscription and purchase) 70% equity interest in FFM Further Processing Sdn Bhd ("FFM-FP"), then a 100%-subsidiary of FFM.

The acquisition of 70% equity interest in FFM-FP involved firstly, the capitalisation of FFM's shareholder's loan to FFM-FP amounting to RM13.25 million by the issue of 13.25 million new ordinary shares of RM1 each ("OS") to FFM. BRF Food subscribed for 49.407 million new OS, and purchased from FFM 13.353 million OS in FFM-FP for a total cash consideration of RM49.407 million and RM13.353 million respectively. The above has been completed on 4 October 2016 and accordingly, FFM-FP has ceased to be an indirect subsidiary of PPB.

B8. Group borrowings

Total Group borrowings as at 30 September 2016 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	115,512	115,512	-
Repayments due within the next 12 months	(40,118)	(40,118)	-
	75,394	75,394	-
Short-term bank borrowings			
Bills payable	44,000	-	44,000
Bills payable (IDR)	29,827	-	29,827
Short-term loans	750	-	750
Short-term loans (USD)	227,652	-	227,652
Short-term loans (IDR)	125,208	-	125,208
Short-term loans (VND)	50,285	-	50,285
Current portion of long-term loans	40,118	40,118	-
	517,840	40,118	477,722
Bank overdrafts	1,022	-	1,022
	518,862	40,118	478,744

B9. Material litigation

There was no material litigation as at 16 November 2016.

B10. Dividends

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

Dividends paid

Dividends paid for financial year 2015 and up to the date of this report are as follows :

Financial Year	Type	Amount per share	Date paid
2015	Interim dividend	8 sen	28 September 2015
2015	Final dividend	17 sen	25 May 2016
2016	Interim dividend	8 sen	28 September 2016

B11. Earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the current financial period attributable to owners of the parent by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current quarter or financial period to-date as there were no dilutive potential ordinary shares.

B12. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report on the preceding annual financial statements.

B13. Realised and unrealised profits/losses

The retained profits of the Group are analysed as follows :

	As at 30-Sep-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	12,978,213	12,743,455
- Unrealised	(99,928)	(84,591)
	<u>12,878,285</u>	<u>12,658,864</u>
Total share of retained profits/(accumulated losses) from associates :		
- Realised	194,801	151,631
- Unrealised	(1,474)	(1,543)
- Wilmar International Limited ("Wilmar") *	5,305,840	5,265,268
Total share of retained profits from joint venture :		
- Realised	9,183	8,313
	<u>18,386,635</u>	<u>18,082,533</u>
Less : Consolidation adjustments	(2,316,538)	(2,277,911)
Total Group retained profits as per consolidated accounts	<u><u>16,070,097</u></u>	<u><u>15,804,622</u></u>

* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown may be considered price-sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

Kuala Lumpur
23 November 2016

By Order of the Board
Mah Teck Keong
Company Secretary