

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2017

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	1,079,476	983,726	3,168,243	3,162,931
Operating expenses	(1,034,747)	(902,810)	(3,068,971)	(2,973,009)
Other operating income	50,737	32,963	126,858	146,775
Share of net profits less losses of associates	318,030	319,602	693,764	363,205
Share of profit of joint venture	1,243	1,394	3,128	3,414
Finance costs	(6,706)	(5,150)	(19,111)	(19,031)
Profit before tax	<u>408,033</u>	<u>429,725</u>	<u>903,911</u>	<u>684,285</u>
Tax expense	(8,762)	(28,274)	(45,437)	(82,824)
Profit for the period	<u><u>399,271</u></u>	<u><u>401,451</u></u>	<u><u>858,474</u></u>	<u><u>601,461</u></u>
Attributable to :				
Owners of the parent	381,966	381,445	829,522	548,965
Non-controlling interests	17,305	20,006	28,952	52,496
Profit for the period	<u><u>399,271</u></u>	<u><u>401,451</u></u>	<u><u>858,474</u></u>	<u><u>601,461</u></u>
Basic earnings per share (sen)	<u><u>32.22</u></u>	<u><u>32.18</u></u>	<u><u>69.97</u></u>	<u><u>46.31</u></u>

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 2017

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	399,271	401,451	858,474	601,461
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	(278,476)	484,633	(1,025,841)	(605,599)
Fair value of available-for-sale financial assets	53,926	39,312	208,959	22,821
Share of associates' other comprehensive income	74,880	(30,750)	386,209	(114,726)
Total comprehensive income/(loss)	<u>249,601</u>	<u>894,646</u>	<u>427,801</u>	<u>(96,043)</u>
Attributable to :				
Owners of the parent	235,390	865,757	410,887	(141,936)
Non-controlling interests	14,211	28,889	16,914	45,893
Total comprehensive income/(loss)	<u>249,601</u>	<u>894,646</u>	<u>427,801</u>	<u>(96,043)</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

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

	As at 30-Sep-17 RM'000	As at 31-Dec-16 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,355,485	1,353,204
Investment properties	201,155	194,455
Biological assets	2,868	3,364
Goodwill	73,704	73,704
Other intangible assets	2,417	3,233
Land held for property development	85,268	84,923
Investments in associates	17,475,276	17,662,449
Investment in joint venture	64,083	65,418
Other investments	648,815	440,356
Deferred tax assets	1,111	2,771
	<u>19,910,182</u>	<u>19,883,877</u>
Current Assets		
Inventories	695,573	620,464
Biological assets	17,534	19,417
Other intangible assets	16,821	14,850
Receivables	882,013	952,821
Derivative financial instruments	4,106	3,276
Current tax assets	15,214	5,985
Cash, bank balances, deposits and short-term fund placements	1,314,288	1,178,261
	<u>2,945,549</u>	<u>2,795,074</u>
Assets classified as held for sale	10,503	23,759
	<u>2,956,052</u>	<u>2,818,833</u>
TOTAL ASSETS	<u><u>22,866,234</u></u>	<u><u>22,702,710</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,192,215	1,185,500
Reserves	19,883,855	19,787,090
Equity attributable to owners of the parent	<u>21,076,070</u>	<u>20,972,590</u>
Non-controlling interests	689,530	695,143
Total equity	<u><u>21,765,600</u></u>	<u><u>21,667,733</u></u>

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

	As at 30-Sep-17 RM'000	As at 31-Dec-16 RM'000
Non-current Liabilities		
Long-term borrowings	47,273	72,918
Deferred tax liabilities	91,489	99,266
	138,762	172,184
Current Liabilities		
Payables	402,405	377,726
Derivative financial instruments	16,204	5,221
Short-term borrowings	538,313	455,086
Current tax liabilities	3,898	24,760
	960,820	862,793
Liabilities associated with assets classified as held for sale	1,052	-
	961,872	862,793
Total liabilities	1,100,634	1,034,977
TOTAL EQUITY AND LIABILITIES	22,866,234	22,702,710
Net assets per share attributable to owners of the parent (RM)	17.78	17.69

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2017

	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 2017											
At 1 January 2017	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
Total comprehensive income/(loss)	-	-	-	(720,763)	208,959	52,242	40,927	829,522	410,887	16,914	427,801
Transfer of reserves	-	-	(441)	-	-	-	5,622	(5,181)	-	-	-
Transfer pursuant to Companies Act 2016 (Note)	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(296,375)	(296,375)	(20,308)	(316,683)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(2,219)	(2,219)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(11,032)	(11,032)	-	(11,032)
At 30 September 2017	1,192,215	-	39,070	2,378,647	218,401	1,242	175,469	17,071,026	21,076,070	689,530	21,765,600
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 income/(loss)	-	-	-	(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

Note :

Pursuant to Section 74 of the Companies Act 2016 ("Act"), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provisions set out in Section 618 (2) of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have 24 months from the commencement of the Act to utilise the credit for purposes as set out in Section 618 (3) of the Act. During the current financial period, the Company has not utilised the credit in the share premium account which has now become part of the share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 September 2017

	9 months ended 30 September	
	2017	2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	903,911	684,285
Adjustments :		
Non-cash items	(581,090)	(247,854)
Non-operating items	(23,399)	(18,179)
Operating profit before working capital changes	299,422	418,252
Working capital changes :-		
Net change in current assets	(110,438)	69,059
Net change in current liabilities	34,837	(166,233)
Cash generated from operations	223,821	321,078
Tax paid	(81,181)	(55,533)
Net cash generated from operating activities	142,640	265,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(131,709)	(98,252)
Proceeds from disposal of property, plant and equipment, and assets held for sale	36,392	25,197
Purchase of investments	(20,707)	(4,399)
Dividends received	272,109	290,413
Income from short-term fund placements	9,360	14,618
Interest received	11,593	14,161
Repayment from/(Advances to) associates	68,460	(44,004)
Distribution of profits from joint venture	3,843	3,578
Other investing activities	4,208	4,056
Net cash generated from investing activities	253,549	205,368
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	84,400	(124,615)
Interest paid	(19,286)	(19,135)
Dividends paid	(316,683)	(300,900)
Shares issued to non-controlling interests of a subsidiary	-	7,873
Net cash used in financing activities	(251,569)	(436,777)
Net increase in cash and cash equivalents	144,620	34,136
Cash and cash equivalents brought forward	1,177,203	1,196,309
Effect of exchange rate changes	(8,093)	(3,000)
Cash and cash equivalents carried forward	1,313,730	1,227,445
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	281,838	276,854
Bank deposits	330,711	319,379
Short-term fund placements	701,739	632,234
Bank overdrafts	(558)	(1,022)
	1,313,730	1,227,445

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 Standard ("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 2016 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2017 :

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014 - 2016 Cycle

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 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. Dividends paid

	Individual Quarter 3 months ended 30-Sep-17 RM'000	Cumulative Quarter 9 months ended 30-Sep-17 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2016 : Final single tier dividend - 17 sen per share	-	201,535
FY2017 : 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 2017 is as follows :

Business segments:	Grains and <u>agribusiness</u>	Consumer <u>products</u>	Film exhibition and <u>distribution</u>	Environmental engineering and <u>utilities</u>	Property	Investments <u>in equities</u>	Other <u>operations</u>	<u>Elimination</u>	<u>Total</u>
<i>All figures in RM'000</i>									
REVENUE									
External revenue	2,116,621	516,432	355,413	67,781	29,292	8,626	74,078	-	3,168,243
Inter-segment sales	118,442	1,541	-	5	1,993	-	23,126	(145,107)	-
Total revenue	<u>2,235,063</u>	<u>517,973</u>	<u>355,413</u>	<u>67,786</u>	<u>31,285</u>	<u>8,626</u>	<u>97,204</u>	<u>(145,107)</u>	<u>3,168,243</u>
RESULTS									
Segment results	124,637	26,074	42,953	2,819	4,812	8,626	(1,127)	-	208,794
Share of associates' profits less losses	49,709	(1,345)	7,969	2,963	3,548	-	630,920	-	693,764
Share of joint venture's profit	-	-	-	3,128	-	-	-	-	3,128
Interest income									11,671
Income from short-term fund placements									18,756
Finance costs									(19,111)
Unallocated corporate expenses									(13,091)
Profit before tax									<u>903,911</u>
ASSETS									
Segment assets	2,337,137	450,193	336,392	64,623	332,023	635,886	104,906	(317)	4,260,843
Investments in associates	419,345	29,154	175,216	50,215	188,373	-	16,612,973	-	17,475,276
Investment in joint venture	-	-	-	64,083	-	-	-	-	64,083
Bank deposits and short-term fund placements									1,032,450
Tax assets									16,325
Other unallocated corporate assets									17,257
Total assets									<u>22,866,234</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 interim period under review, except for the following :

- a) Cathay Theatres (Sarawak) Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 17 November 2015, was dissolved on 6 June 2017 and has accordingly ceased to be a subsidiary of PPB.
- b) Kembang Developments Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 1 September 2016, was dissolved on 11 July 2017 and has accordingly ceased to be a subsidiary of PPB.
- c) On 11 September 2017, Minsec Properties Berhad, an inactive wholly-owned subsidiary of PPB, commenced a members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up is in progress.
- d) Tego Sdn Bhd ("Tego"), a 79.9%-owned indirect subsidiary of PPB, entered into an Agreement for Transfer of Shares dated 20 September 2017 to dispose of its entire equity interest in Tefel Packaging Industries Co Ltd ("Tefel") comprising 60 ordinary shares of Kyat 10,000/- each ("Proposed Disposal"). The Proposed Disposal is pending approval from the Myanmar Investment Commission.
- e) Solar Status Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 16 November 2016, was dissolved on 25 August 2017 and has accordingly ceased to be an indirect subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

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

A11. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 September 2017 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	42,746
- not contracted	370,287
	<u>413,033</u>
Other capital commitments	
- contracted	147,915
	<u><u>560,948</u></u>

A12. Significant related party transactions

Significant related party transactions during the period ended 30 September 2017 were as follows :

	RM'000
Transactions with associates	
- Management fee income	443
- Film rental income	2,708
- Interest income	2,610
- Purchase of goods	24,436
	8,525
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	8,525
	8,525
Transactions with subsidiaries of associates	
- Purchase of goods	174,449
- Sales of goods	53,129
- Rental income	2,706
- Security and other service fee expenses	10,685
- Marketing fee income	1,446
- Supervision fee income	1,076
- Charter hire of vessels	58,514
	58,514

B. BMSB Listing Requirements (Part A of Appendix 9B)
B1. Analysis of performance for the financial period to-date

The Group reported total revenue of RM1.08 billion in 3Q2017 (3Q2016 : RM984 million), up 10% from a year ago. All major business segments recorded higher revenue in the quarter under review. For 3Q2017, pre-tax profit of the Group was at RM408 million, 5% lower than RM430 million recorded a year ago.

For 9M2017, Group revenue was broadly unchanged at RM3.17 billion (9M2016 : RM3.16 billion). Higher revenue from *Grains and agribusiness* segment as well as *Consumer products* segment were partially offset by lower revenue from other business segments. Pre-tax profit for 9M2017 was at RM904 million (9M2016 : RM684 million), 32% higher than that achieved in 9M2016, this was mainly attributable to a significant increase in contribution from Wilmar, which recorded a net profit of USD792 million (9M2016 : USD411 million).

Group financial performance by business segment

	3Q2017	3Q2016	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	779,992	687,468	92,524	13%
Consumer products	170,314	152,589	17,725	12%
Film exhibition and distribution	107,779	105,033	2,746	3%
Environmental engineering and utilities	22,845	32,498	(9,653)	(30%)
Property	10,273	11,437	(1,164)	(10%)
Investments and Other operations	33,663	30,992	2,671	9%
Elimination	(45,390)	(36,291)	(9,099)	
Total revenue	1,079,476	983,726	95,750	10%

	9M2017	9M2016	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	2,235,063	2,143,964	91,099	4%
Consumer products	517,973	466,792	51,181	11%
Film exhibition and distribution	355,413	366,856	(11,443)	(3%)
Environmental engineering and utilities	67,786	149,253	(81,467)	(55%)
Property	31,285	43,725	(12,440)	(28%)
Investments and Other operations	105,830	107,488	(1,658)	(2%)
Elimination	(145,107)	(115,147)	(29,960)	
Total revenue	3,168,243	3,162,931	5,312	0%

	3Q2017	3Q2016	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	68,244	88,175	(19,931)	(23%)
Consumer products	7,590	7,805	(215)	(3%)
Film exhibition and distribution	6,805	7,843	(1,038)	(13%)
Environmental engineering and utilities	258	779	(521)	(67%)
Property	588	1,371	(783)	(57%)
Investments and Other operations	4,822	2,836	1,986	70%
Total segment results	88,307	108,809	(20,502)	(19%)
Share of associates and joint venture's profits less losses	319,273	320,996	(1,723)	(1%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	453	(80)	533	>100%
Total profit before tax	408,033	429,725	(21,692)	(5%)

	9M2017	9M2016	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	124,637	204,932	(80,295)	(39%)
Consumer products	26,074	15,361	10,713	70%
Film exhibition and distribution	42,953	57,684	(14,731)	(26%)
Environmental engineering and utilities	2,819	6,517	(3,698)	(57%)
Property	4,812	16,815	(12,003)	(71%)
Investments and Other operations	7,499	20,436	(12,937)	(63%)
Total segment results	208,794	321,745	(112,951)	(35%)
Share of associates and joint venture's profits less losses	696,892	366,619	330,273	90%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(1,775)	(4,079)	2,304	56%
Total profit before tax	903,911	684,285	219,626	32%

Grains and agribusiness

Grains and agribusiness segment revenue increased by 13% to RM780 million in 3Q2017 (3Q2016 : RM687 million), mainly attributed to higher sales volume and contribution from additional capacity at the southern Vietnam mill which commenced production in July 2017. Segment profit decreased by 23% to RM68 million (3Q2016 : RM88 million) mainly attributable to foreign exchange translation loss and lower profit margin as a result of higher raw material costs in the flour and feed divisions.

Segment revenue for the first nine months of 2017 was marginally higher at RM2.24 billion (9M2016 : RM2.14 billion) primarily driven by higher feed sales volume and selling price in Malaysia. Segment profit was 39% lower at RM125 million (9M2016 : RM205 million), mainly due to lower profit margin of flour and feed.

Consumer products

Consumer products segment revenue grew by 12% to RM170 million in 3Q2017 (3Q2016 : RM153 million), mainly driven by increase in sales volume and selling prices of edible oils as well as higher revenue from the bakery division. Segment profit was lower by 3% to RM7.6 million (3Q2016 : RM7.8 million). In 3Q2016, there was a gain on disposal of land and building of RM3 million. Excluding the gain, segment profit was higher by RM2.8 million mainly due to higher revenue from edible oils.

For 9M2017, segment revenue increased by 11% to RM518 million (9M2016 : RM467 million) contributed by higher revenue from edible oils, bakery products as well as other in-house and agency products. Segment profit was at RM26 million (9M2016 : RM15 million), mainly attributed to a gain on sale of land and building of RM8 million, and lower advertising and promotional expenses incurred in the bakery division.

Film exhibition and distribution

Film exhibition and distribution segment revenue increased by 3% to RM108 million in 3Q2017 (3Q2016 : RM105 million) supported by more blockbuster movies released in 3Q2017. Segment profit was however lower by 13% to RM6.8 million in 3Q2017 (3Q2016 : RM7.8 million), mainly due to increased film exhibition operating costs and lower contribution from film distribution with weaker titles released.

For 9M2017, segment revenue was lower by 3% to RM355 million (9M2016 : RM367 million). This was mainly due to the significantly stronger Chinese New Year and local titles released in 1Q2016 which was not repeated in 1Q2017. Profit for 9M2017 was lower at RM43 million (9M2016 : RM58 million), mainly due to lower admissions resulting from the weaker movie content and increased film exhibition operating costs, mitigated by increase in average ticket prices, improved concession sales and screen advertising income.

Environmental engineering and utilities

Revenue was lower by 30% to RM23 million for 3Q2017 (3Q2016 : RM32 million). Segment profit was also lower at RM0.3 million (3Q2016 : RM0.8 million).

For 9M2017, revenue was lower by 55% to RM68 million (9M2016 : RM149 million), due to the completion of environmental engineering projects secured in 2016. The new projects secured during the year are expected to contribute towards the 4th quarter of 2017. Segment profit decreased by 57% to RM2.8 million (9M2016 : RM6.5 million) in line with the lower revenue.

Property

Property segment revenue was lower at RM10 million in 3Q2017 (3Q2016 : RM11 million) due mainly to lower project management fees, and rental income from investment properties. In tandem with the lower revenue, segment profit decreased by 57% to RM0.6 million in 3Q2017 (3Q2016 : RM1.4 million).

For 9M2017, revenue was lower by 28% at RM31 million (9M2016 : RM44 million). This was mainly due to the completion of the Taman Tanah Aman project in 2016, lower rental income as well as lower project management fees. Consequently, segment profit decreased by 71% to RM4.8 million (9M2016 : RM17 million).

Investments and Other operations

The combined segment revenue increased by 9% in 3Q2017 to RM34 million (3Q2016 : RM31 million), primarily due to higher sales volume achieved by the chemical trading and manufacturing division as well as higher dividend income received. In 3Q2017, segment profit increased by 70% to RM4.8 million (9M2016 : RM2.8 million) mainly attributable to higher dividend income.

9M2017 segment revenue was at RM106 million (9M2016 : RM107 million) as higher dividend income was offset by lower revenue from the packaging division. Segment profit was lower at RM7.5 million for 9M2017 (9M2016 : RM20 million), mainly due to a gain on disposal of factory land and building of RM7.3 million recorded in 9M2016 and lower sales of higher profit margin products in the chemical trading and manufacturing division.

Share of associates and joint venture's profits less losses

The Group's share of associates and joint venture profits was at RM319 million in 3Q2017 (3Q2016 : RM321 million). Profit contribution from Wilmar International Limited ("Wilmar"), our main associate, was at RM292 million in 3Q2017 (3Q2016 : RM293 million).

Riding on the strong set of results in the first half of 2017, profit contribution from Wilmar increased significantly to RM631 million for 9M2017 (9M2016 : RM304 million).

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

Segment results	3Q2017	2Q2017	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	68,244	19,780	48,464	>100%
Consumer products	7,590	5,614	1,976	35%
Film exhibition and distribution	6,805	16,125	(9,320)	(58%)
Environmental engineering and utilities	258	1,526	(1,268)	(83%)
Property	588	1,660	(1,072)	(65%)
Investments and Other operations	4,822	2,693	2,129	79%
Total segment results	88,307	47,398	40,909	86%
Share of associates and joint venture's profits less losses	319,273	59,215	260,058	>100%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	453	(305)	758	>100%
Total profit before tax	408,033	106,308	301,725	>100%

Group pre-tax profit was higher at RM408 million in 3Q2017 (2Q2017 : RM106 million) due mainly to :

- higher profit contribution from Wilmar of RM292 million in the current quarter (2Q2017 : RM44 million); and
- higher *Grains and agribusiness* segment profit mainly due to lower raw material costs for the flour and feed milling divisions.

B3. Prospects for the current financial year

The Malaysian economy is on track to register stronger growth, with an official forecast range of 5.2 - 5.7% in 2017. Domestic demand is expected to remain as the key source of growth, supported by a continued expansion in both private sector expenditure and public sector spending. The external sector will provide additional impetus to the economy, benefitting from the improvement in global growth.

Although the flour markets in Malaysia, Indonesia and Vietnam remain competitive, *Grains and agribusiness* segment is expected to perform satisfactorily. Performance of the *Consumer products* segment is expected to remain stable. The business of *Film exhibition and distribution* segment will continue to be driven by the newly-opened cinemas in Malaysia and Vietnam; and the movie title releases for the rest of the year. *Environmental engineering and utilities* segment will continue to focus on timely completion of its on-going projects and participate in tendering for prospective projects. The launching of the mixed development project in Taman Megah, Petaling Jaya in November 2017 is expected to contribute positively in the coming financial year.

In summary, the Group's main business segments are expected to perform satisfactorily in 2017; and the overall Group financial results will continue to be supported by the business performance of Wilmar.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-17 RM'000	Cumulative Quarter 9 months ended 30-Sep-17 RM'000
Profit before tax is stated after crediting :		
Dividend income	3,347	8,625
Fair value gain on derivatives	28,636	49,487
Foreign exchange gain	2,943	12,999
Interest income	4,593	11,671
Income from short-term fund placements	6,607	18,756
Rental income	1,092	3,458
Gain on disposal of land and building	-	7,974
	<hr/>	<hr/>
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(326)	(925)
Depreciation and amortisation	(30,253)	(102,439)
Fair value loss on derivatives	8,745	(9,119)
Foreign exchange loss	(4,638)	(20,947)
Inventories written down	6	(1,517)
Interest expense	(6,706)	(19,111)
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B6. Tax expense

	Individual Quarter 3 months ended 30-Sep-17 RM'000	Cumulative Quarter 9 months ended 30-Sep-17 RM'000
Taxation comprises :		
Malaysian taxation		
Current	14,953	49,321
Deferred	(5,212)	(7,820)
	<hr/>	<hr/>
	9,741	41,501
Foreign taxation		
Current	1,130	3,617
Deferred	1,753	4,165
	<hr/>	<hr/>
	12,624	49,283
Under/(Over) provision in prior year		
Current	(407)	(375)
Deferred	(3,455)	(3,471)
	<hr/>	<hr/>
	<u>8,762</u>	<u>45,437</u>

The effective tax rate is lower than the average statutory rate for the period mainly due to recognition of previously unrecognised tax losses of a subsidiary.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 16 November 2017.

B8. Group borrowings

Total Group borrowings as at 30 September 2017 are as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	76,940	76,940	-
Long-term bank loans (VND)	11,243	11,243	-
Repayments due within the next 12 months	(40,910)	(40,910)	-
	<u>47,273</u>	<u>47,273</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	69,800	-	69,800
Bills payable (IDR)	24,387	-	24,387
Bills payable (USD)	15,254	-	15,254
Short-term loans	450	-	450
Short-term loans (USD)	161,331	-	161,331
Short-term loans (IDR)	115,255	-	115,255
Short-term loans (VND)	110,368	-	110,368
Current portion of long-term loans	40,910	40,910	-
	<u>537,755</u>	<u>40,910</u>	<u>496,845</u>
Bank overdrafts	558	-	558
	<u>538,313</u>	<u>40,910</u>	<u>497,403</u>

B9. Material litigation

There was no material litigation as at 16 November 2017.

B10. Dividends

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

Dividends paid for financial year 2016 and up to the date of this report are as follows :

Financial year	Type (all single tier)	Amount per share	Payment date
2016	Interim dividend	8 sen	28 September 2016
2016	Final dividend	17 sen	25 May 2017
2017	Interim dividend	8 sen	28 September 2017

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-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	13,155,644	13,022,777
- Unrealised	<u>(109,003)</u>	<u>(98,796)</u>
	13,046,641	12,923,981
Total share of retained profits/(accumulated losses) from associates :		
- Realised	265,439	210,443
- Unrealised	(1,320)	(1,292)
- Wilmar International Limited ("Wilmar") *	6,094,958	5,734,364
Total share of retained profits from joint venture :		
- Realised	<u>9,846</u>	<u>10,028</u>
	19,415,564	18,877,524
Less : Consolidation adjustments	<u>(2,344,538)</u>	<u>(2,323,432)</u>
Total Group retained profits as per consolidated financial statements	<u><u>17,071,026</u></u>	<u><u>16,554,092</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 2017

By Order of the Board
Mah Teck Keong
Company Secretary