

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2012**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 30 June 2012**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	758,475	676,242	1,455,430	1,256,079
Operating expenses	(712,239)	(626,776)	(1,385,735)	(1,165,709)
Other operating income	5,011	22,304	41,239	41,814
Share of net profits less losses of associates	72,758	223,011	214,400	446,304
Share of profit of jointly controlled entity	963	839	1,828	1,710
Finance costs	(1,066)	(970)	(3,606)	(2,053)
Profit before tax	123,902	294,650	323,556	578,145
Income tax expense	(8,334)	(7,284)	(21,801)	(17,716)
Profit for the period	<u>115,568</u>	<u>287,366</u>	<u>301,755</u>	<u>560,429</u>
Attributable to :				
Owners of the parent	108,419	276,433	286,923	541,664
Non-controlling interests	7,149	10,933	14,832	18,765
Profit for the period	<u>115,568</u>	<u>287,366</u>	<u>301,755</u>	<u>560,429</u>
Basic earnings per share (sen)	<u>9.15</u>	<u>23.32</u>	<u>24.20</u>	<u>45.69</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Statement Of Comprehensive Income**  
**For The Period Ended 30 June 2012**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	115,568	287,366	301,755	560,429
<u>Other comprehensive income/(loss), net of tax</u>				
Exchange differences on translation of foreign operations	446,617	(4,549)	82,490	(215,376)
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period	(51,301)	(111,370)	53,821	(145,553)
- Reclassification adjustments to profit or loss upon disposal	-	(9)	(67)	(656)
Share of associates' other comprehensive (loss)/income	(68,525)	46,520	(118,573)	112,355
Total comprehensive income	<u>442,359</u>	<u>217,958</u>	<u>319,426</u>	<u>311,199</u>
Attributable to :				
Owners of the parent	431,366	206,358	304,771	292,641
Non-controlling interests	10,993	11,600	14,655	18,558
Total comprehensive income	<u>442,359</u>	<u>217,958</u>	<u>319,426</u>	<u>311,199</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2011, and the accompanying explanatory notes attached to this report.)**

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

	As at 30-Jun-12 RM'000	As at 31-Dec-11 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,039,628	1,017,844
Investment properties	216,085	214,695
Biological assets	2,560	2,600
Goodwill	74,617	74,617
Other intangible assets	1,441	1,398
Land held for property development	12,441	11,870
Investments in associates	11,179,232	11,040,554
Investment in jointly controlled entity	52,414	51,669
Other investments	649,890	598,567
Deferred tax assets	6,152	7,557
	<u>13,234,460</u>	<u>13,021,371</u>
<b>Current Assets</b>		
Inventories	481,341	474,159
Biological assets	16,542	16,860
Other intangible assets	10,233	12,013
Property development costs	43,975	43,736
Receivables	567,255	484,393
Derivative financial instruments	38	2,696
Cash, bank balances and deposits	1,024,965	1,134,522
	<u>2,144,349</u>	<u>2,168,379</u>
Non-current assets classified as held for sale	10,919	9,406
	<u>2,155,268</u>	<u>2,177,785</u>
<b>TOTAL ASSETS</b>	<u><u>15,389,728</u></u>	<u><u>15,199,156</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	13,001,624	12,876,111
Equity attributable to owners of the parent	<u>14,187,124</u>	<u>14,061,611</u>
Non-controlling interests	511,032	503,515
<b>Total equity</b>	<u><u>14,698,156</u></u>	<u><u>14,565,126</u></u>

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

	<b>As at 30-Jun-12 RM'000</b>	<b>As at 31-Dec-11 RM'000</b>
<b>Non-current Liabilities</b>		
Long term borrowings	54,300	44,753
Deferred tax liabilities	75,820	79,800
	<u>130,120</u>	<u>124,553</u>
<b>Current Liabilities</b>		
Payables	294,471	287,981
Derivative financial instruments	5,183	4,264
Short term borrowings	258,246	213,150
Taxation	3,552	4,082
	<u>561,452</u>	<u>509,477</u>
<b>Total liabilities</b>	<u>691,572</u>	<u>634,030</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>15,389,728</u></u>	<u><u>15,199,156</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>11.97</u>	<u>11.86</u>

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2011, 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 June 2012**

	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				
<b>6 months ended 30 June 2012</b>												
At 1 January 2012	1,185,500	6,715	60,942	(630,158)	166,319	32,041	328,878	12,911,374	14,061,611	503,515	14,565,126	
Total comprehensive income	-	-	-	61,433	53,749	(2,595)	(94,739)	286,923	304,771	14,655	319,426	
Transfer of reserves	-	-	(182)	-	-	-	626	(444)	-	-	-	
Acquisition of an existing subsidiary	-	-	-	-	-	-	-	(25,143)	(25,143)	(7,068)	(32,211)	
Dividend	-	-	-	-	-	-	-	(154,115)	(154,115)	(70)	(154,185)	
At 30 June 2012	1,185,500	6,715	60,760	(568,725)	220,068	29,446	234,765	13,018,595	14,187,124	511,032	14,698,156	
<b>6 months ended 30 June 2011</b>												
At 1 January 2011	1,185,500	6,715	61,398	(950,954)	518,837	(31,191)	305,313	12,178,608	13,274,226	185,284	13,459,510	
As previously reported	-	-	-	-	-	-	-	3,000	3,000	18,376	21,376	
Effects of adopting IC Interpretation 12	1,185,500	6,715	61,398	(950,954)	518,837	(31,191)	305,313	12,181,608	13,277,226	203,660	13,480,886	
Restated	-	-	-	(129,351)	(146,220)	21,114	5,434	541,664	292,641	18,558	311,199	
Total comprehensive income	-	-	(228)	-	-	-	7,625	(7,397)	-	-	-	
Transfer of reserves	-	-	-	8,180	-	-	257,654	(93,712)	172,122	205,997	378,119	
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	(213,390)	(213,390)	-	(213,390)	
Dividend	-	-	-	-	-	-	-	12,408,773	13,528,599	428,215	13,956,814	
At 30 June 2011	1,185,500	6,715	61,170	(1,072,125)	372,617	(10,077)	576,026	12,408,773	13,528,599	428,215	13,956,814	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2011, 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 June 2012**

**Final**

	6 months ended 30 June	
	2012	2011
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	323,556	578,145
Adjustments :-		
Non-cash items	(160,444)	(401,272)
Non-operating items	(20,755)	(34,411)
Operating profit before working capital changes	142,357	142,462
Working capital changes :-		
Net change in current assets	(90,121)	(156,711)
Net change in current liabilities	10,558	(4,530)
Cash used in operations	62,794	(18,779)
Tax paid	(19,376)	(28,132)
<b>Net cash generated from/(used in) operating activities</b>	<b>43,418</b>	<b>(46,911)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(87,499)	(70,891)
Proceeds from disposal of property, plant and equipment and investment properties	744	1,423
Purchase of investments	(85,841)	(29,633)
Proceeds from sale of investments	1,772	927
Dividends received	100,926	89,565
Interest received	14,930	15,594
Other investing activities	215	(545)
<b>Net cash (used in)/generated from investing activities</b>	<b>(54,753)</b>	<b>6,440</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital by a subsidiary	-	378,119
Bank borrowings	60,069	(27,666)
Interest paid	(4,862)	(2,665)
Dividends paid	(154,185)	(213,390)
Other financing activities	1,421	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(97,557)</b>	<b>134,398</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(108,892)</b>	<b>93,927</b>
Cash and cash equivalents brought forward	1,132,923	923,471
Effect of exchange rate changes	600	(2,597)
<b>Cash and cash equivalents carried forward</b>	<b>1,024,631</b>	<b>1,014,801</b>
<u>Cash and cash equivalents represented by :-</u>		
Cash and bank balances	88,928	59,997
Bank deposits	936,037	955,877
Bank overdrafts	(334)	(1,073)
	1,024,631	1,014,801

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2011, 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 2011 except for the adoption of the following revised FRS, Amendments to FRS and IC Interpretation that are effective for financial periods beginning on or after 1 July 2011 or 1 January 2012 :-

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 7	Disclosures - Transfer of Financial Assets
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above revised FRS, Amendments to FRS and IC Interpretation does not have any significant financial impact on the Group.

**Malaysia Financial Reporting Standards ("MFRS")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS.

The MFRS framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 - Agriculture and IC Interpretation 15 - Agreements for Construction of Real Estate, including the entities' parent, significant investor and venturer (herein referred to as "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS framework and continue to use the existing FRS framework. The adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework to 1 January 2014. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2014.

**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 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. Dividend paid**

	Individual Quarter 3 months ended 30-Jun-12 RM'000	Cumulative Quarter 6 months ended 30-Jun-12 RM'000
<u>Dividend paid on ordinary shares</u>		
FY2011 : Final dividend - 13 sen per share single tier	154,115	154,115



## A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 June 2012

	Grains trading, flour and feed milling	Marketing, distribution & manufacturing of consumer products	Film exhibition and distribution	Environmental engineering, waste management and utilities	Property investment and development	Chemicals trading and manufacturing	Livestock farming	Investments in equities	Other operations	Elimination	Total
<b>Business Segments:</b> <i>All figures in RM'000</i>											
<b>REVENUE</b>											
External revenue	858,209	191,507	142,253	59,731	39,092	42,055	28,154	7,758	86,671	-	1,455,430
Inter-segment sales	46,432	-	-	-	1,213	13,553	10,982	-	7,064	(79,244)	-
Total revenue	904,641	191,507	142,253	59,731	40,305	55,608	39,136	7,758	93,735	(79,244)	1,455,430
<b>RESULTS</b>											
Segment results	65,960	8,697	19,559	5,069	13,026	431	(11,878)	7,106	(4,047)	(257)	103,666
Share of associates' profits less losses	4,429	-	430	1,289	(869)	-	-	-	209,121	-	214,400
Share of joint venture's profit	-	-	-	1,828	-	-	-	-	-	-	1,828
Interest income	-	-	-	-	-	-	-	-	-	-	15,116
Finance costs	-	-	-	-	-	-	-	-	-	-	(3,606)
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	(7,848)
Profit before tax	-	-	-	-	-	-	-	-	-	-	323,556
<b>ASSETS</b>											
Segment assets	1,206,010	212,598	237,050	54,476	304,017	52,506	113,057	649,890	358,627	(64)	3,188,167
Investments in associates	138,250	-	3,634	33,426	117,866	-	-	-	10,886,056	-	11,179,232
Investment in jointly controlled entity	-	-	-	52,414	-	-	-	-	-	-	52,414
Bank deposits	-	-	-	-	-	-	-	-	-	-	936,037
Taxation	-	-	-	-	-	-	-	-	-	-	24,703
Other unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	9,175
Total assets	-	-	-	-	-	-	-	-	-	-	15,389,728

**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 14 February 2012, PPB Leisure Holdings Sdn Bhd ("PPBL"), a wholly-owned subsidiary of PPB completed the acquisition of the remaining 3,643,828 ordinary shares of RM1 each in Cathay Screen Cinemas Sdn Bhd ("CSC"), then an existing 68.3% subsidiary of PPBL, for a cash consideration of RM32.2 million. Pursuant to this acquisition, CSC has become a wholly-owned subsidiary of PPBL.
- b) On 22 February 2012, the investment certificate in respect of VFM-Wilmar Flour Mills Company Limited ("VFM-Wilmar") was issued by the relevant authority in the Socialist Republic of Vietnam. Glowland Limited, a wholly-owned subsidiary of FFM Berhad (an 80%-subsidiary of PPB) has 51% interest in the charter capital of VFM-Wilmar. Arising therefrom, VFM-Wilmar has become an indirect 51%-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.

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

Group revenue increased by 12% to RM758 million in 2Q2012, and climbed 16% to RM1.46 billion for 1H2012. This was mainly attributed to higher revenue from the grains trading, flour and feed milling division. The property division's revenue increased significantly due to sales of high-end residential properties in Bukit Segar, Kuala Lumpur and Taman Tanah Aman, Seberang Prai Tengah. With the exception of the environmental engineering, chemicals, livestock and investments divisions, the other divisions recorded higher revenue for 1H2012.

The Group registered a 58% decline in profit before tax from RM295 million to RM124 million in 2Q2012, and a 44% drop to RM324 million for 1H2012 mainly due to the lower profit contribution from an associate, Wilmar International Limited ("Wilmar"). The livestock and investments divisions have also contributed lower results in the quarter.

**Group financial performance by business segment**

	2Q2012	2Q2011	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Grains trading, flour and feed milling	468,555	394,756	73,799	19%
- Marketing, distribution and manufacturing of consumer products	94,584	93,177	1,407	2%
- Film exhibition and distribution	73,366	71,893	1,473	2%
- Environmental engineering, waste management and utilities	29,932	43,171	(13,239)	-31%
- Property investment and development	20,640	9,167	11,473	>100%
- Chemicals, Livestock, Investments and Other operations	111,702	106,085	5,617	5%
- Elimination	(40,304)	(42,007)	1,703	4%
<b>Total revenue</b>	<b>758,475</b>	<b>676,242</b>	<b>82,233</b>	<b>12%</b>

	1H2012	1H2011	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Grains trading, flour and feed milling	904,641	731,412	173,229	24%
- Marketing, distribution and manufacturing of consumer products	191,507	185,254	6,253	3%
- Film exhibition and distribution	142,253	136,825	5,428	4%
- Environmental engineering, waste management and utilities	59,731	72,666	(12,935)	-18%
- Property investment and development	40,305	18,314	21,991	>100%
- Chemicals, Livestock, Investments and Other operations	196,237	191,706	4,531	2%
- Elimination	(79,244)	(80,098)	854	1%
<b>Total revenue</b>	<b>1,455,430</b>	<b>1,256,079</b>	<b>199,351</b>	<b>16%</b>

	2Q2012	2Q2011	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	22,377	21,350	1,027	5%
- Marketing, distribution and manufacturing of consumer products	4,371	4,029	342	8%
- Film exhibition and distribution	11,316	11,460	(144)	-1%
- Environmental engineering, waste management and utilities	4,144	4,961	(817)	-16%
- Property investment and development	7,121	3,413	3,708	>100%
- Chemicals, Livestock, Investments and Other operations	(991)	23,895	(24,886)	>-100%
- Elimination	(643)	(16)	(627)	>-100%
Segment results	47,695	69,092	(21,397)	-31%
- Share of associates and joint venture's profits less losses	73,721	223,850	(150,129)	-67%
- Interest income, finance costs and unallocated expenses	2,486	1,708	778	46%
Total profit before tax	123,902	294,650	(170,748)	-58%

	1H2012	1H2011	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	65,960	60,982	4,978	8%
- Marketing, distribution and manufacturing of consumer products	8,697	8,921	(224)	-3%
- Film exhibition and distribution	19,559	21,386	(1,827)	-9%
- Environmental engineering, waste management and utilities	5,069	5,957	(888)	-15%
- Property investment and development	13,026	8,110	4,916	61%
- Chemicals, Livestock, Investments and Other operations	(8,388)	20,442	(28,830)	>-100%
- Elimination	(257)	182	(439)	>-100%
Segment results	103,666	125,980	(22,314)	-18%
- Share of associates and joint venture's profits less losses	216,228	448,014	(231,786)	-52%
- Interest income, finance costs and unallocated expenses	3,662	4,151	(489)	-12%
Total profit before tax	323,556	578,145	(254,589)	-44%

**Grains trading, flour and feed milling**

Revenue increased by 19% to RM469 million in 2Q2012, and by 24% to RM905 million in 1H2012 which was primarily driven by higher grains trading volume and higher flour and feed sales.

The profit before tax growth of 5% to RM22 million in 2Q2012, and 8% to RM66 million in 1H2012 was directly attributable to the revenue growth.

**Marketing, distribution and manufacturing of consumer products**

The segment recorded a marginal 2% increase in revenue to RM95 million in 2Q2012, and 3% to RM192 million in 1H2012 mainly due to increased sales.

Profit before tax was up by 8% to RM4.4 million in 2Q2012 compared with RM4 million in 2Q2011 in line with the growth in revenue. However, the lower profit before tax recorded of RM8.7 million in 1H2012 compared with RM8.9 million in 1H2011 was mainly caused by higher promotional expenses incurred.

**Film exhibition and distribution**

The segment reported an increase in revenue by 2% to RM73 million in 2Q2012, and 4% to RM142 million in 1H2012 mainly due to improved cinema collections, higher concession sales and increased screen advertising revenue.

Profit before tax was slightly down by 1% to RM11 million in 2Q2012, and decreased by 9% to RM20 million in 1H2012 mainly due to lower profit contribution from film distribution.

**Environmental engineering, waste management and utilities**

The segment generated lower revenue of RM30 million and RM60 million in 2Q2012, and 1H2012 respectively. Profit before tax was slightly down at RM4.1 million for 2Q2012 and RM5.1 million for 1H2012 compared with the corresponding periods in 2011. This was mainly due to the environmental engineering projects being at the completion stages in the quarter and year to-date under review, where revenue and profits had been progressively recognised in the previous periods.

**Property investment and development**

Property sales from the bungalows in Bukit Segar, Kuala Lumpur and the sale of semi-detached houses in Taman Tanah Aman, Seberang Prai Tengah, collectively contributed to higher revenue of RM21 million for 2Q2012, and RM40 million for 1H2012.

Profit before tax also improved to RM7.1 million in 2Q2012 from RM3.4 million in 2Q2011, and RM13 million for 1H2012 from RM8.1 million in 1H2011 in line with the higher revenue.

**Chemicals trading and manufacturing, Livestock farming, Investments in equities and Other operations**

Revenue from these segments improved by 5% in 2Q2012 to RM112 million compared with RM106 million in 2Q2011. The 1H2012 also saw revenue increase by 2% to RM196 million compared with RM192 million in 1H2011. The increase was mainly contributed by increased sales in the bakery division despite lower revenue recorded by the chemicals, livestock and investments divisions as a result of lower contract orders, depressed selling prices of day-old chicks and lower income from investments in equities respectively.

Loss before tax of RM1 million in 2Q2012 and RM8.4 million for 1H2012 was mainly due to losses incurred by the livestock farming division and lower dividend income from the investments in equities as compared with the corresponding periods last year.

**Share of associates and joint venture's profits less losses**

Wilmar contributed lower profits of RM68 million in 2Q2012 and RM209 million for 1H2012 compared with RM216 million in 2Q2011 and RM432 million in 1H2011 respectively. This was due mainly to losses in the oilseeds and grains and the sugar segments.

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

	2Q2012	1Q2012	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	22,377	43,583	(21,206)	-49%
- Marketing, distribution and manufacturing of consumer products	4,371	4,326	45	1%
- Film exhibition and distribution	11,316	8,243	3,073	37%
- Environmental engineering, waste management and utilities	4,144	925	3,219	>100%
- Property investment and development	7,121	5,905	1,216	21%
- Chemicals, Livestock, Investments and Other operations	(991)	(7,397)	6,406	87%
- Elimination	(643)	386	(1,029)	>-100%
Segment results	47,695	55,971	(8,276)	-15%
- Share of associates and joint venture's profits less losses	73,721	142,507	(68,786)	-48%
- Interest income, finance costs and unallocated expenses	2,486	1,176	1,310	>100%
Total profit before tax	123,902	199,654	(75,752)	-38%

Compared with the preceding quarter, the Group's profit before tax for 2Q2012 was lower at RM124 million. The decline in profit before tax was attributed to lower profit from grains trading, flour and feed milling division which experienced unfavourable market conditions in grains trading; the other divisions recorded improved results. The lower profit contribution from Wilmar of RM68 million in 2Q2012 also affected the profitability of the Group.

**B3. Prospects for current financial year**

The high world grains prices caused by adverse weather conditions in the grains producing countries and uncertain market environment will continue to present challenges to the Group's businesses for the remaining quarters in 2012.

Management is mindful of such uncertainties and will continue to implement appropriate measures to manage these challenges to alleviate the impact on the Group's businesses.

Whilst some of the business divisions are expected to perform satisfactorily, the Group's overall financial results for 2012 will largely hinge on Wilmar's business prospects and performance for the second half of 2012.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 30-Jun-12 RM'000	Cumulative Quarter 6 months ended 30-Jun-12 RM'000
Profit before tax is stated after crediting :-		
Dividend income	7,363	7,759
Fair value gain on derivatives	(9,461)	180
Foreign exchange gain	3,275	8,177
Gain on disposal of properties	-	234
Gain on disposal of quoted investments	2	191
Interest income	7,514	15,116
Rental income	743	1,486
	<hr/>	<hr/>
Profit before tax is stated after charging :-		
Allowance for impairment and write off of receivables	(133)	(178)
Depreciation and amortisation	(21,617)	(42,255)
Fair value loss on derivatives	(3,084)	(10,330)
Foreign exchange loss	(7,991)	(15,909)
Interest expense	(1,066)	(3,606)
Loss on financial assets at fair value through profit or loss	(1,972)	(904)
	<hr/>	<hr/>

Other than the items highlighted above, there were no exceptional items for the current quarter and financial period ended 30 June 2012.

**B6. Taxation**

	Individual Quarter 3 months ended 30-Jun-12 RM'000	Cumulative Quarter 6 months ended 30-Jun-12 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	11,649	24,203
Deferred	(3,598)	(3,282)
	<hr/>	<hr/>
	8,051	20,921
Foreign taxation		
Current	218	1,436
Deferred	13	117
	<hr/>	<hr/>
	8,282	22,474
Under/(Over)provision		
Current	15	24
Deferred	36	(698)
	<hr/>	<hr/>
	8,333	21,800
	<hr/>	<hr/>

The effective tax rate is lower than the average statutory rate for the period mainly due to utilisation of reinvestment allowances by certain subsidiaries.

**B7. Status of corporate proposals**

- a) FFM Berhad ("FFM"), an 80%-subsidiary of PPB, had on 2 December 2010 entered into a memorandum of understanding with Wilmar for the proposed acquisition by Waikari Sdn Bhd, a wholly-owned subsidiary of FFM, of 20% equity interests in selected subsidiaries of Wilmar in the People's Republic of China. Waikari has entered into the respective agreements for the proposed acquisition of/subscription for 20% equity interest in the following entities :-

Name of entity	Date of agreements	Status
1. Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd	30 November 2011	Completed on 20 January 2012
2. Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd	30 November 2011	Completed on 3 February 2012
3. Yihai (Chongqing) Foodstuffs Co., Ltd	5 December 2011	Completed on 29 December 2011
4. Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd	23 December 2011	Completed on 20 July 2012
5. Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd	23 December 2011	Completed on 26 June 2012
6. Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd	30 December 2011	Completed on 24 May 2012
7. Yihai (Zhoukou) Wheat Industries Co., Ltd	30 December 2011	Completed on 2 February 2012
8. Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd	22 June 2012	Pending authority approval
9. Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd	13 August 2012	Pending authority approval

**B8. Group borrowings**

Total Group borrowings as at 30 June 2012 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans (USD)	58,922	58,922	-
Long term bank loans (RMB)	7,154	-	7,154
Hire purchase liabilities (SGD)	32	32	-
Repayments due within the next 12 months	(11,808)	(10,299)	(1,509)
	<u>54,300</u>	<u>48,655</u>	<u>5,645</u>
Short term bank borrowings			
Bills payable	26,900	-	26,900
Short term loans	1,250	-	1,250
Short term loans (USD)	217,954	-	217,954
Current portion of long term loans	11,793	10,284	1,509
Hire purchase liabilities (SGD)	15	15	-
	<u>257,912</u>	<u>10,299</u>	<u>247,613</u>
Bank overdrafts	334	-	334
	<u>258,246</u>	<u>10,299</u>	<u>247,947</u>

**B9. Material litigation**

There was no material litigation as at 22 August 2012.



**B10. Dividend**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2012 of 7 sen per share (2011 : Interim single tier dividend of 10 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Friday, 28 September 2012 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 13 September 2012.

A Depositor shall qualify for entitlement only in respect of :-

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 13 September 2012 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

**Dividends paid/payable**

Dividends paid/payable for the financial year 2011 and up to the date of this report are as follows :-

Financial Year	Type	Rate per share (all single tier)	Date paid/payable
2011	Interim dividend	10 sen	28 September 2011
2011	Final dividend	13 sen	15 June 2012
2012	Interim dividend	7 sen	28 September 2012

**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 of the preceding annual financial statements.

**B13. Realised and unrealised profits/losses**

The retained profits of the Group are analysed as follows :-

	As at 30-Jun-12 RM'000	As at 31-Dec-11 RM'000
Total retained profits of the Company and its subsidiaries :-		
- Realised	11,949,603	11,950,131
- Unrealised	(49,215)	(44,950)
	<u>11,900,388</u>	<u>11,905,181</u>
Total share of retained profits from associates :-		
- Realised	82,781	81,735
- Unrealised	2,407	1,367
- Wilmar International Limited ("Wilmar") *	3,128,928	3,011,693
Total share of retained profits from jointly controlled entity :-		
- Realised	6,845	6,255
- Unrealised	1,532	1,794
	<u>15,122,881</u>	<u>15,008,025</u>
Less : consolidation adjustments	(2,104,286)	(2,096,651)
Total Group retained profits as per consolidated accounts	<u><u>13,018,595</u></u>	<u><u>12,911,374</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 is considered sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

**Kuala Lumpur**  
**29 August 2012**

*By Order of the Board*  
**Mah Teck Keong**  
*Company Secretary*