

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

*(The figures have not been audited)*

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

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	779,873	710,263	2,235,303	1,966,342
Operating expenses	(770,580)	(671,796)	(2,156,315)	(1,837,505)
Other operating income	17,119	29,361	58,358	71,175
Share of net profits less losses of associates	236,363	185,327	450,763	631,631
Share of profit of jointly controlled entity	844	1,001	2,672	2,711
Finance costs	(1,682)	(1,774)	(5,288)	(3,827)
Profit before tax	261,937	252,382	585,493	830,527
Income tax expense	(9,596)	(12,615)	(31,397)	(30,331)
Profit for the period	<u>252,341</u>	<u>239,767</u>	<u>554,096</u>	<u>800,196</u>
Attributable to :				
Owners of the parent	249,235	229,405	536,158	771,069
Non-controlling interests	3,106	10,362	17,938	29,127
Profit for the period	<u>252,341</u>	<u>239,767</u>	<u>554,096</u>	<u>800,196</u>
Basic earnings per share (sen)	<u>21.02</u>	<u>19.35</u>	<u>45.23</u>	<u>65.04</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 September 2012**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	252,341	239,767	554,096	800,196
<u>Other comprehensive income/(loss), net of tax</u>				
Exchange differences on translation of foreign operations	(460,149)	541,131	(377,659)	325,755
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period	(28,787)	(144,253)	25,034	(289,806)
- Reclassification adjustments to profit or loss upon disposal	-	-	(67)	(656)
Share of associates' other comprehensive income/(loss)	59,578	(51,622)	(58,995)	60,733
Total comprehensive (loss)/income	<u>(177,017)</u>	<u>585,023</u>	<u>142,409</u>	<u>896,222</u>
Attributable to :				
Owners of the parent	(174,753)	569,822	130,018	862,463
Non-controlling interests	(2,264)	15,201	12,391	33,759
Total comprehensive income	<u>(177,017)</u>	<u>585,023</u>	<u>142,409</u>	<u>896,222</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-Sep-12 RM'000	As at 31-Dec-11 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,036,115	1,017,844
Investment properties	219,937	214,695
Biological assets	2,785	2,600
Goodwill	74,617	74,617
Other intangible assets	1,803	1,398
Land held for property development	12,831	11,870
Investments in associates	10,984,693	11,040,554
Investment in jointly controlled entity	49,839	51,669
Other investments	619,977	598,567
Deferred tax assets	4,247	7,557
	<u>13,006,844</u>	<u>13,021,371</u>
<b>Current Assets</b>		
Inventories	552,448	474,159
Biological assets	16,771	16,860
Other intangible assets	11,319	12,013
Property development costs	34,041	43,736
Receivables	599,973	484,393
Derivative financial instruments	2,195	2,696
Cash, bank balances and deposits	947,480	1,134,522
	<u>2,164,227</u>	<u>2,168,379</u>
Non-current assets classified as held for sale	10,918	9,406
	<u>2,175,145</u>	<u>2,177,785</u>
<b>TOTAL ASSETS</b>	<u><u>15,181,989</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	12,743,885	12,876,111
Equity attributable to owners of the parent	<u>13,929,385</u>	<u>14,061,611</u>
Non-controlling interests	512,939	503,515
<b>Total equity</b>	<u><u>14,442,324</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-Sep-12 RM'000</b>	<b>As at 31-Dec-11 RM'000</b>
<b>Non-current Liabilities</b>		
Long term borrowings	67,595	44,753
Deferred tax liabilities	73,421	79,800
	<u>141,016</u>	<u>124,553</u>
<b>Current Liabilities</b>		
Payables	300,791	287,981
Derivative financial instruments	21,635	4,264
Short term borrowings	269,828	213,150
Taxation	6,395	4,082
	<u>598,649</u>	<u>509,477</u>
<b>Total liabilities</b>	<u>739,665</u>	<u>634,030</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>15,181,989</u></u>	<u><u>15,199,156</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>11.75</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 September 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>9 months ended 30 September 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	-	-	-	(314,770)	24,920	(18,244)	(98,047)	536,158	130,017	12,392	142,409	
Transfer of reserves	-	-	(296)	-	-	-	804	(508)	-	-	-	
Acquisition of an existing subsidiary	-	-	-	-	-	-	-	(25,143)	(25,143)	(7,068)	(32,211)	
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	4,508	4,508	
Dividend	-	-	-	-	-	-	-	(237,100)	(237,100)	(408)	(237,508)	
At 30 September 2012	1,185,500	6,715	60,646	(944,928)	191,239	13,797	231,635	13,184,781	13,929,385	512,939	14,442,324	
<b>9 months ended 30 September 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	-	-	-	364,994	(290,404)	18,161	(1,357)	771,069	862,463	33,759	896,222	
Total comprehensive income	-	-	(342)	-	-	-	8,307	(7,965)	-	-	-	
Transfer of reserves	-	-	-	-	-	-	257,654	(93,712)	172,122	205,997	378,119	
Dilution of interest in a subsidiary	-	-	-	8,180	-	-	-	(331,940)	(331,940)	(12,408)	(344,348)	
Dividend	-	-	-	-	-	-	-	-	-	431,008	431,008	
At 30 September 2011	1,185,500	6,715	61,056	(577,780)	228,433	(13,030)	569,917	12,519,060	13,979,871	431,008	14,410,879	

(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 September 2012**

**Final**

	<b>9 months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	585,493	830,527
Adjustments :-		
Non-cash items	(367,615)	(594,542)
Non-operating items	(29,178)	(42,803)
Operating profit before working capital changes	<u>188,700</u>	<u>193,182</u>
Working capital changes :-		
Net change in current assets	(172,282)	(214,634)
Net change in current liabilities	22,607	11,422
Cash generated from/(used in) operations	<u>39,025</u>	<u>(10,030)</u>
Tax paid	(30,472)	(47,527)
<b>Net cash generated from/(used in) operating activities</b>	<b>8,553</b>	<b>(57,557)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(138,467)	(123,234)
Proceeds from disposal of property, plant and equipment and investment properties	823	1,724
Purchase of investments	(102,643)	(29,691)
Proceeds from sale of investments	1,772	927
Dividends received	162,643	181,670
Interest received	22,057	23,370
Other investing activities	1,086	(113)
<b>Net cash (used in)/generated from investing activities</b>	<b>(52,729)</b>	<b>54,653</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares by a subsidiary	4,508	378,119
Bank borrowings	96,092	133,252
Interest paid	(5,588)	(4,179)
Dividends paid	(237,508)	(344,347)
Other financing activities	1,782	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(140,714)</b>	<b>162,845</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(184,890)</b>	<b>159,941</b>
Cash and cash equivalents brought forward	1,132,923	923,471
Effect of exchange rate changes	(2,353)	1,213
<b>Cash and cash equivalents carried forward</b>	<b>945,680</b>	<b>1,084,625</b>
<u>Cash and cash equivalents represented by :-</u>		
Cash and bank balances	102,666	70,127
Bank deposits	844,814	1,015,451
Bank overdrafts	(1,800)	(953)
	<u>945,680</u>	<u>1,084,625</u>

**(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. Dividends paid**

	Individual Quarter 3 months ended 30-Sep-12 RM'000	Cumulative Quarter 9 months ended 30-Sep-12 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2011 : Final dividend - 13 sen per share single tier	-	154,115
FY2012 : Interim dividend - 7 sen per share single tier	82,985	82,985
	<u>82,985</u>	<u>237,100</u>



## A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 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	1,299,570	294,356	212,225	106,065	64,649	67,112	41,450	9,615	140,261	-	2,235,303
Inter-segment sales	70,586	-	-	136	1,704	20,633	16,464	-	10,973	(120,496)	-
Total revenue	1,370,156	294,356	212,225	106,201	66,353	87,745	57,914	9,615	151,234	(120,496)	2,235,303
<b>RESULTS</b>											
Segment results	69,750	13,675	28,416	9,933	21,766	1,161	(19,079)	8,226	(3,671)	(349)	129,828
Share of associates' profits less losses	8,422	-	547	1,841	98	-	-	-	439,855	-	450,763
Share of joint venture's profit	-	-	-	2,672	-	-	-	-	-	-	2,672
Interest income											22,614
Finance costs											(5,288)
Unallocated corporate expenses											(15,096)
Profit before tax											585,493
<b>ASSETS</b>											
Segment assets	1,321,051	198,020	236,084	60,368	304,541	55,946	111,724	619,977	358,151	(59)	3,265,803
Investments in associates	157,257	-	3,751	33,702	115,035	-	-	-	10,674,948	-	10,984,693
Investment in jointly controlled entity	-	-	-	49,839	-	-	-	-	-	-	49,839
Bank deposits											844,814
Taxation											26,177
Other unallocated corporate assets											10,663
Total assets											15,181,989

**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.
- c) On 27 September 2012, Kerry Utilities Limited ("KUL"), a dormant indirect 50%-subsidiary of PPB, received approval from the Registrar of Companies in Hong Kong for the deregistration of the company ("Deregistration"). The Deregistration is in progress.

**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 grew by 10% to RM780 million in 3Q2012, and climbed 14% to RM2.24 billion for 9M2012. This was primarily driven by higher revenue from the grains trading, flour and feed milling segment. The property segment's revenue rose significantly due to sales of high-end residential properties in Bukit Segar, Kuala Lumpur and Taman Tanah Aman, Seberang Prai Tengah. The other segments also recorded higher revenue for 9M2012 with the exception of the environmental engineering, chemicals, livestock and investments segments.

The Group registered a marginal increase in profit before tax from RM252 million in 3Q2011 to RM262 million in 3Q2012, largely attributed to higher profit contribution from an associate, Wilmar International Limited ("Wilmar"). However, for the 9M2012 period, the Group's profit before tax declined by 30% to RM585 million as compared with RM831 million recorded in 9M2011 due mainly to the lower profit contribution from Wilmar in the first two quarters of 2012.

**Group financial performance by business segment**

	3Q2012	3Q2011	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Grains trading, flour and feed milling	465,515	441,395	24,120	5%
- Marketing, distribution and manufacturing of consumer products	102,849	98,744	4,105	4%
- Film exhibition and distribution	69,972	70,237	(265)	0%
- Environmental engineering, waste management and utilities	46,470	34,529	11,941	35%
- Property investment and development	26,048	9,691	16,357	>100%
- Chemicals, Livestock, Investments and Other operations	110,271	95,918	14,353	15%
- Elimination	(41,252)	(40,251)	(1,001)	-2%
<b>Total revenue</b>	<b>779,873</b>	<b>710,263</b>	<b>69,610</b>	<b>10%</b>

	9M2012	9M2011	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Grains trading, flour and feed milling	1,370,156	1,172,807	197,349	17%
- Marketing, distribution and manufacturing of consumer products	294,356	283,998	10,358	4%
- Film exhibition and distribution	212,225	207,062	5,163	2%
- Environmental engineering, waste management and utilities	106,201	107,195	(994)	-1%
- Property investment and development	66,353	28,005	38,348	>100%
- Chemicals, Livestock, Investments and Other operations	306,508	287,624	18,884	7%
- Elimination	(120,496)	(120,349)	(147)	0%
<b>Total revenue</b>	<b>2,235,303</b>	<b>1,966,342</b>	<b>268,961</b>	<b>14%</b>

	3Q2012	3Q2011	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	3,790	45,030	(41,240)	-92%
- Marketing, distribution and manufacturing of consumer products	4,978	6,861	(1,883)	-27%
- Film exhibition and distribution	8,857	9,186	(329)	-4%
- Environmental engineering, waste management and utilities	4,864	1,231	3,633	>100%
- Property investment and development	8,740	4,668	4,072	87%
- Chemicals, Livestock, Investments and Other operations	(4,975)	(3,444)	(1,531)	-44%
- Elimination	(92)	(890)	798	90%
Segment results	26,162	62,642	(36,480)	-58%
- Share of associates and joint venture's profits less losses	237,207	186,328	50,879	27%
- Interest income, finance costs and unallocated expenses	(1,432)	3,412	(4,844)	>-100%
Total profit before tax	261,937	252,382	9,555	4%

	9M2012	9M2011	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	69,750	106,012	(36,262)	-34%
- Marketing, distribution and manufacturing of consumer products	13,675	15,782	(2,107)	-13%
- Film exhibition and distribution	28,416	30,572	(2,156)	-7%
- Environmental engineering, waste management and utilities	9,933	7,188	2,745	38%
- Property investment and development	21,766	12,778	8,988	70%
- Chemicals, Livestock, Investments and Other operations	(13,363)	16,998	(30,361)	>-100%
- Elimination	(349)	(708)	359	51%
Segment results	129,828	188,622	(58,794)	-31%
- Share of associates and joint venture's profits less losses	453,435	634,342	(180,907)	-29%
- Interest income, finance costs and unallocated expenses	2,230	7,563	(5,333)	-71%
Total profit before tax	585,493	830,527	(245,034)	-30%

### Grains trading, flour and feed milling

Revenue increased by 5% to RM466 million in 3Q2012 and by 17% to RM1.37 billion for 9M2012, primarily driven by higher feed sales volume.

Despite the higher profits generated from increased feed sales, profit before tax for this segment fell 92% to RM3.8 million in 3Q2012 due to unfavourable grains trading and foreign exchange hedging results in the quarter. The 9M2012 profit before tax was similarly affected and fell 34% to RM70 million as compared with the previous corresponding period.

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

The segment revenue rose by a marginal 4% to RM103 million in 3Q2012 and RM294 million for 9M2012 respectively mainly due to increased sales from new agency products.

Profit before tax was down by 27% to RM5 million in 3Q2012 compared with RM6.9 million in 3Q2011, and by 13% to RM14 million for 9M2012 compared with RM16 million for 9M2011 mainly due to higher advertising and promotional expenses incurred.

**Film exhibition and distribution**

The segment recorded RM70 million revenue for the quarter under review which was similar to that achieved in the corresponding quarter last year. The 9M2012 revenue improved marginally to RM212 million compared with RM207 million for 9M2011 mainly due to additional contribution from new cinemas, higher concession sales and increased screen advertising revenue.

Profit before tax was down by 4% to RM8.9 million in 3Q2012, and 7% to RM28 million for 9M2012 mainly due to lower profit contribution from the film distribution business.

**Environmental engineering, waste management and utilities**

The segment recorded higher revenue of RM46 million in 3Q2012 compared with RM35 million in 3Q2011 mainly from the recognition of progressive revenue generated by a new project. Revenue for 9M2012 was RM106 million in 9M2012, consistent with the RM107 million recorded in the corresponding period last year.

The higher profit before tax achieved in 3Q2012 of RM4.9 million, and RM9.9 million for 9M2012 was contributed by project variation orders during the completion stage of a project.

**Property investment and development**

Property sales of the bungalows in Bukit Segar, Kuala Lumpur and semi-detached houses in Taman Tanah Aman, Seberang Prai Tengah have collectively contributed to higher revenue of RM26 million for 3Q2012, and RM66 million for 9M2012.

Accordingly, profit before tax rose to RM8.7 million in 3Q2012 from RM4.7 million in 3Q2011 and RM22 million for 9M2012 from RM13 million for 9M2011 in line with the higher revenue.

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

The combined revenue from these segments saw an increase of 15% in 3Q2012 to RM110 million compared with RM96 million in 3Q2011. The 9M2012 also reported an increase in revenue by 7% to RM307 million compared with RM288 million for 9M2011, boosted by increased revenue contribution from the bakery segment. This increase was however partially offset by reduced revenue from the chemicals, livestock and investments segments as a result of lower contract orders, depressed selling prices of day-old chicks and lower income from investments in equities respectively.

The depressed farm product prices resulted in the livestock farming segment incurring a loss of RM7 million in the current quarter and RM19 million for 9M2012 as compared with a profit of RM6 million in 3Q2011 and RM10 million for 9M2011.

Losses in the livestock segment and lower dividend income from investments in equities collectively led to the loss before tax of RM5 million in 3Q2012 and RM13 million for 9M2012 for the above combined segments.

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

Wilmar contributed higher profit of RM231 million to the Group in 3Q2012 compared with RM179 million in 3Q2011. The higher profit was driven by better performance in Wilmar's business segments with the exception of the oilseeds and grains and the plantations and palm oil mills, which reported lower profits.

For 9M2012 however, Wilmar contributed a lower profit of RM440 million compared with RM611 million for 9M2011 due mainly to the oilseeds and grains segment which incurred losses in the first two quarters of 2012 and the lower profit posted by its plantations and palm oil mills.

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

	3Q2012	2Q2012	Variance	
	RM'000	RM'000	RM'000	%
<u>Profit before tax</u>				
- Grains trading, flour and feed milling	3,790	22,377	(18,587)	-83%
- Marketing, distribution and manufacturing of consumer products	4,978	4,371	607	14%
- Film exhibition and distribution	8,857	11,316	(2,459)	-22%
- Environmental engineering, waste management and utilities	4,864	4,144	720	17%
- Property investment and development	8,740	7,121	1,619	23%
- Chemicals, Livestock, Investments and Other operations	(4,975)	(991)	(3,984)	>-100%
- Elimination	(92)	(643)	551	86%
Segment results	26,162	47,695	(21,533)	-45%
- Share of associates and joint venture's profits less losses	237,207	73,721	163,486	>100%
- Interest income, finance costs and unallocated expenses	(1,432)	2,486	(3,918)	>-100%
Total profit before tax	261,937	123,902	138,035	>100%

Compared with the preceding quarter, the Group's profit before tax for 3Q2012 was higher at RM262 million mainly attributed to the higher profit contribution from Wilmar of RM231 million. Despite higher profits recorded in several of the Group's business segments, the Group's results in this quarter was adversely affected by the unfavourable grains trading and foreign exchange hedging results; and the losses in the livestock farming business.

**B3. Prospects for current financial year**

The persistently high world grains prices and the uncertain global market environment will continue to present challenges to the Group's businesses for the remaining quarter 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 most of the Group's business segments are expected to perform well with the exception of livestock farming, the Group's overall financial results for 2012 will largely hinge on Wilmar's business performance in 2012.

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

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 30-Sep-12 RM'000	Cumulative Quarter 9 months ended 30-Sep-12 RM'000
Profit before tax is stated after crediting :-		
Dividend income	1,857	9,616
Fair value gain on derivatives	(82)	98
Foreign exchange gain	4,038	12,215
Gain on disposal of properties	-	234
Gain on disposal of quoted investments	-	191
Interest income	7,498	22,614
Rental income	751	2,237
	<hr/>	<hr/>
Profit before tax is stated after charging :-		
Allowance for impairment and write off of receivables	(1,091)	(1,269)
Depreciation and amortisation	(22,430)	(64,685)
Fair value loss on derivatives	(30,782)	(41,112)
Foreign exchange loss	(4,123)	(20,032)
Interest expense	(1,682)	(5,288)
Loss on financial assets at fair value through profit or loss	(648)	(1,552)
	<hr/>	<hr/>

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

**B6. Taxation**

	Individual Quarter 3 months ended 30-Sep-12 RM'000	Cumulative Quarter 9 months ended 30-Sep-12 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	8,895	33,098
Deferred	(1,669)	(4,951)
	<hr/>	<hr/>
	7,226	28,147
Foreign taxation		
Current	277	1,713
Deferred	(32)	85
	<hr/>	<hr/>
	7,471	29,945
Under/(Over)provision		
Current	3,539	3,563
Deferred	(1,414)	(2,111)
	<hr/>	<hr/>
	9,596	31,397
	<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	Completed on 20 November 2012

**B8. Group borrowings**

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans (USD)	74,701	74,701	-
Long term bank loans (RMB)	5,477	-	5,477
Hire purchase liabilities (SGD)	29	29	-
Repayments due within the next 12 months	(12,612)	(9,864)	(2,748)
	<u>67,595</u>	<u>64,866</u>	<u>2,729</u>
Short term bank borrowings			
Short term loans	1,150	-	1,150
Short term loans (USD)	254,266	-	254,266
Current portion of long term loans	12,597	9,849	2,748
Hire purchase liabilities (SGD)	15	15	-
	<u>268,028</u>	<u>9,864</u>	<u>258,164</u>
Bank overdrafts	1,800	-	1,800
	<u>269,828</u>	<u>9,864</u>	<u>259,964</u>

**B9. Material litigation**

There was no material litigation as at 19 November 2012.



**B10. Dividends**

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

**Dividends paid**

Dividends paid 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
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-Sep-12 RM'000	As at 31-Dec-11 RM'000
Total retained profits of the Company and its subsidiaries :-		
- Realised	11,955,267	11,950,131
- Unrealised	(63,119)	(44,950)
	<u>11,892,148</u>	<u>11,905,181</u>
Total share of retained profits from associates :-		
- Realised	86,922	81,735
- Unrealised	2,075	1,367
- Wilmar International Limited ("Wilmar") *	3,301,163	3,011,693
Total share of retained profits from jointly controlled entity :-		
- Realised	7,076	6,255
- Unrealised	1,229	1,794
	<u>15,290,613</u>	<u>15,008,025</u>
Less : consolidation adjustments	<u>(2,105,832)</u>	<u>(2,096,651)</u>
Total Group retained profits as per consolidated accounts	<u><u>13,184,781</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**  
**26 November 2012**

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