

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2014**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 30 June 2014**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	956,644	818,489	1,839,829	1,582,335
Operating expenses	(879,670)	(771,628)	(1,711,938)	(1,510,205)
Other operating income	17,418	29,867	44,589	71,545
Share of net profits less losses of associates	103,032	124,754	202,582	315,977
Share of profit of joint venture	1,029	810	2,098	1,636
Finance costs	(6,210)	(3,440)	(11,209)	(6,120)
Profit before tax	192,243	198,852	365,951	455,168
Income tax expense	(21,592)	(13,849)	(40,440)	(27,731)
Profit for the period	<u>170,651</u>	<u>185,003</u>	<u>325,511</u>	<u>427,437</u>
Attributable to :				
Owners of the parent	166,375	179,480	310,647	415,823
Non-controlling interests	4,276	5,523	14,864	11,614
Profit for the period	<u>170,651</u>	<u>185,003</u>	<u>325,511</u>	<u>427,437</u>
Basic earnings per share (sen)	<u>14.03</u>	<u>15.14</u>	<u>26.20</u>	<u>35.08</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2014**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	170,651	185,003	325,511	427,437
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	(212,697)	317,582	(304,609)	423,581
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period	(51,491)	(19,043)	(68,538)	8,852
- Reclassification adjustments to profit or loss upon disposal	-	469	-	(15,179)
Share of associates' other comprehensive income/(loss)	48,872	(135,275)	65,538	(117,348)
<b>Total comprehensive (loss)/income</b>	<b><u>(44,665)</u></b>	<b><u>348,736</u></b>	<b><u>17,902</u></b>	<b><u>727,343</u></b>
Attributable to :				
Owners of the parent	(44,086)	340,017	8,572	710,710
Non-controlling interests	(579)	8,719	9,330	16,633
<b>Total comprehensive (loss)/income</b>	<b><u>(44,665)</u></b>	<b><u>348,736</u></b>	<b><u>17,902</u></b>	<b><u>727,343</u></b>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2013, and the accompanying explanatory notes attached to this report.)**

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

	As at 30-Jun-14 RM'000	As at 31-Dec-13 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,194,727	1,195,996
Investment properties	201,749	204,090
Biological assets	2,898	2,877
Goodwill	74,615	74,615
Other intangible assets	2,506	2,696
Land held for property development	18,466	17,176
Investments in associates	12,454,098	12,628,152
Investment in joint venture	53,239	57,368
Other investments	592,171	660,634
Deferred tax assets	5,773	7,683
	<u>14,600,242</u>	<u>14,851,287</u>
<b>Current Assets</b>		
Inventories	546,076	508,493
Biological assets	20,379	17,370
Other intangible assets	11,041	11,957
Property development costs	13,830	23,165
Receivables	816,557	682,904
Derivative financial instruments	3,017	5,263
Cash, bank balances, deposits and short-term fund placements	1,044,464	964,991
	<u>2,455,364</u>	<u>2,214,143</u>
<b>TOTAL ASSETS</b>	<u><u>17,055,606</u></u>	<u><u>17,065,430</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	14,274,817	14,467,780
Equity attributable to owners of the parent	<u>15,460,317</u>	<u>15,653,280</u>
Non-controlling interests	546,337	538,617
<b>Total equity</b>	<u>16,006,654</u>	<u>16,191,897</u>

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

	<b>As at 30-Jun-14 RM'000</b>	<b>As at 31-Dec-13 RM'000</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	62,112	89,698
Deferred tax liabilities	79,267	79,984
	<u>141,379</u>	<u>169,682</u>
<b>Current Liabilities</b>		
Payables	395,518	352,739
Derivative financial instruments	3,372	6,348
Short-term borrowings	483,996	329,855
Current tax liabilities	24,687	14,909
	<u>907,573</u>	<u>703,851</u>
<b>Total liabilities</b>	<u>1,048,952</u>	<u>873,533</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>17,055,606</u></u>	<u><u>17,065,430</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>13.04</u>	<u>13.20</u>

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2014**

	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 2014</b>											
At 1 January 2014	1,185,500	6,715	45,131	(294,411)	236,187	(23,923)	246,700	14,251,381	15,653,280	538,617	16,191,897
Total comprehensive income	-	-	-	(291,984)	(68,540)	25,202	33,247	310,647	8,572	9,330	17,902
Transfer of reserves	-	-	(240)	-	-	-	2,541	(2,301)	-	-	-
Dividend	-	-	-	-	-	-	-	(201,535)	(201,535)	(1,610)	(203,145)
At 30 June 2014	1,185,500	6,715	44,891	(586,395)	167,647	1,279	282,488	14,358,192	15,460,317	546,337	16,006,654
<b>6 months ended 30 June 2013</b>											
At 1 January 2013	1,185,500	6,715	60,532	(952,538)	198,192	36,044	248,964	13,487,966	14,271,375	493,996	14,765,371
Total comprehensive income	-	-	-	300,825	(6,386)	(24,584)	25,032	415,823	710,710	16,633	727,343
Transfer of reserves	-	-	(13,733)	-	-	-	1,180	12,553	-	-	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	34,047	34,047
Dividends	-	-	-	-	-	-	-	(154,115)	(154,115)	(92)	(154,207)
At 30 June 2013	1,185,500	6,715	46,799	(651,713)	191,806	11,460	275,176	13,762,227	14,827,970	544,584	15,372,554

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2014**

	6 months ended 30 June	
	2014	2013
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	365,951	455,168
Adjustments :-		
Non-cash items	(141,403)	(299,213)
Non-operating items	(10,709)	(17,058)
Operating profit before working capital changes	213,839	138,897
Working capital changes :-		
Net change in current assets	(104,882)	(92,823)
Net change in current liabilities	43,367	(5,235)
Cash generated from operations	152,324	40,839
Tax paid	(23,941)	(21,453)
<b>Net cash generated from operating activities</b>	<b>128,383</b>	<b>19,386</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(61,939)	(104,799)
Proceeds from disposal of property, plant and equipment	1,146	26,582
Purchase of investments	(25,426)	(42,405)
Proceeds from sale of investments	-	24,034
Dividends received	179,895	109,634
Interest received	9,639	14,598
(Loan to)/Repayment from associates	(82,519)	284
Return of capital from joint venture	3,530	1,680
Other investing activities	6,329	1,707
<b>Net cash generated from investing activities</b>	<b>30,655</b>	<b>31,315</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares by a subsidiary	-	10,932
Bank borrowings	123,349	57,587
Interest paid	(11,012)	(7,420)
Dividends paid	(203,145)	(154,207)
Advances from non-controlling interest of a subsidiary	11,419	20,538
<b>Net cash used in financing activities</b>	<b>(79,389)</b>	<b>(72,570)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>79,649</b>	<b>(21,869)</b>
Cash and cash equivalents brought forward	964,252	1,049,694
Effect of exchange rate changes	(1,225)	2,356
<b>Cash and cash equivalents carried forward</b>	<b>1,042,676</b>	<b>1,030,181</b>
<u>Cash and cash equivalents represented by :-</u>		
Cash and bank balances	251,704	149,672
Bank deposits	506,694	882,137
Short-term fund placements	286,066	-
Bank overdrafts	(1,788)	(1,628)
	1,042,676	1,030,181

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2013 except for the adoption of the following Amendments to FRSs and Issues Committee Interpretations ("IC Interpretation") that are effective for financial periods beginning on or after 1 January 2014 :-

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

**A2. Seasonality or Cyclicity of Interim Operations**

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

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

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

**A4. Nature and amount of changes in estimates**

There were no changes in estimates of amounts reported in the prior financial year which have a material effect in the current interim period.

**A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to-date.

**A6. Dividend paid**

	Individual Quarter 3 months ended 30-Jun-14 RM'000	Cumulative Quarter 6 months ended 30-Jun-14 RM'000
<u>Dividend paid on ordinary shares</u>		
FY2013 : Final dividend - 17 sen per share single tier	201,535	201,535

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 June 2014

<b>Business Segments:</b> <i>All figures in RM'000</i>	Flour and feed milling, and grains trading	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>REVENUE</b>											
External revenue	1,106,711	224,066	185,427	53,273	47,410	41,763	61,369	6,611	113,199	-	1,839,829
Inter-segment sales	55,588	78	-	-	1,045	15,186	564	-	7,275	(79,736)	-
Total revenue	<u>1,162,299</u>	<u>224,144</u>	<u>185,427</u>	<u>53,273</u>	<u>48,455</u>	<u>56,949</u>	<u>61,933</u>	<u>6,611</u>	<u>120,474</u>	<u>(79,736)</u>	<u>1,839,829</u>
<b>RESULTS</b>											
Segment results	87,300	15,154	32,081	997	16,808	204	8,042	6,719	(155)	-	167,150
Share of associates' profits less losses	(511)	-	1,692	2,246	2,983	-	-	-	196,172	-	202,582
Share of joint venture's profit	-	-	-	2,098	-	-	-	-	-	-	2,098
Interest income											8,979
Income from short-term fund placements											4,627
Finance costs											(11,209)
Unallocated corporate expenses											(8,276)
Profit before tax											<u>365,951</u>
<b>ASSETS</b>											
Segment assets	1,678,148	254,350	257,106	80,288	289,428	56,382	117,167	592,171	403,441	(118)	3,728,363
Investments in associates	215,928	-	65,787	39,605	178,306	-	-	-	11,954,472	-	12,454,098
Investment in joint venture	-	-	-	53,239	-	-	-	-	-	-	53,239
Bank deposits and short-term fund placements											792,760
Tax assets											16,357
Other unallocated corporate assets											10,789
Total assets											<u>17,055,606</u>



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

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

**A9. Changes in the composition of the Group**

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

- a) On 19 March 2014, Federal Flour Mills Holdings Sdn Bhd, a dormant wholly-owned subsidiary of PPB, was struck off from the Register of Companies pursuant to Section 308 of the Companies Act 1965, and has accordingly ceased to be a 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 June 2014 were as follows:-

	RM'000
Property, plant and equipment	
- contracted	64,154
- not contracted	235,033
	<u>299,187</u>
Other capital commitments	
- contracted	43,034
	<u>342,221</u>

**A12. Significant related party transactions**

Significant related party transactions during the financial period ended 30 June 2014 are as follows:-

	RM'000
Transactions with an associate	
- Management fee received/receivable	465
- Film rental received/receivable	599
	<u>7,136</u>
Transactions with a subsidiary of ultimate holding company	
- Sales of goods	7,136
Transactions with subsidiaries of an associate	
- Purchase of goods	125,384
- Sales of goods	1,339
- Rental received	1,696
- Security and other service fees paid and payable	922
- Charter hire of vessels	34,870
	<u>34,870</u>

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

Group revenue increased by 17% to RM957 million in 2Q2014 and 16% to RM1.84 billion for 1H2014 compared with RM818 million in 2Q2013 and RM1.58 billion for 1H2013 respectively. The increase was mainly contributed by the flour and feed milling, and distribution of consumer products segments.

The Group posted profit before tax of RM192 million in 2Q2014, which was slightly lower than the RM199 million in 2Q2013. For 1H2014, the Group registered profit before tax of RM366 million, which is 20% lower than that of the same period last year. This was due mainly to lower profit contribution from an associate, Wilmar International Limited ("Wilmar").

**Group financial performance by business segment**

	2Q2014	2Q2013	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Flour and feed milling, and grains trading	620,945	505,655	115,290	23%
- Marketing, distribution and manufacturing of consumer products	112,613	98,322	14,291	15%
- Film exhibition and distribution	92,133	92,248	(115)	(0%)
- Environmental engineering, waste management and utilities	28,031	22,276	5,755	26%
- Property investment and development	15,489	21,381	(5,892)	(28%)
- Chemicals, Livestock, Investments and Other operations	127,299	116,518	10,781	9%
- Elimination	(39,866)	(37,911)	(1,955)	
<b>Total revenue</b>	<b>956,644</b>	<b>818,489</b>	<b>138,155</b>	<b>17%</b>

	1H2014	1H2013	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
- Flour and feed milling, and grains trading	1,162,299	992,588	169,711	17%
- Marketing, distribution and manufacturing of consumer products	224,144	193,462	30,682	16%
- Film exhibition and distribution	185,427	172,398	13,029	8%
- Environmental engineering, waste management and utilities	53,273	45,695	7,578	17%
- Property investment and development	48,455	32,176	16,279	51%
- Chemicals, Livestock, Investments and Other operations	245,967	219,047	26,920	12%
- Elimination	(79,736)	(73,031)	(6,705)	
<b>Total revenue</b>	<b>1,839,829</b>	<b>1,582,335</b>	<b>257,494</b>	<b>16%</b>

	2Q2014	2Q2013	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
- Flour and feed milling, and grains trading	50,146	37,769	12,377	33%
- Marketing, distribution and manufacturing of consumer products	7,641	6,123	1,518	25%
- Film exhibition and distribution	17,975	16,059	1,916	12%
- Environmental engineering, waste management and utilities	575	2,286	(1,711)	(75%)
- Property investment and development	5,810	9,492	(3,682)	(39%)
- Chemicals, Livestock, Investments and Other operations	9,403	2,735	6,668	>100%
<b>Total segment results</b>	<b>91,550</b>	<b>74,464</b>	<b>17,086</b>	<b>23%</b>
- Share of associates and joint venture's profits less losses	104,061	125,564	(21,503)	(17%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,368)	(1,176)	(2,192)	>(100%)
<b>Total profit before tax</b>	<b>192,243</b>	<b>198,852</b>	<b>(6,609)</b>	<b>(3%)</b>

	1H2014	1H2013	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
- Flour and feed milling, and grains trading	87,300	68,998	18,302	27%
- Marketing, distribution and manufacturing of consumer products	15,154	10,837	4,317	40%
- Film exhibition and distribution	32,081	27,341	4,740	17%
- Environmental engineering, waste management and utilities	997	2,909	(1,912)	(66%)
- Property investment and development	16,808	14,379	2,429	17%
- Chemicals, Livestock, Investments and Other operations	14,810	16,070	(1,260)	(8%)
<b>Total segment results</b>	<b>167,150</b>	<b>140,534</b>	<b>26,616</b>	<b>19%</b>
- Share of associates and joint venture's profits less losses	204,680	317,613	(112,933)	(36%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(5,879)	(2,979)	(2,900)	(97%)
<b>Total profit before tax</b>	<b>365,951</b>	<b>455,168</b>	<b>(89,217)</b>	<b>(20%)</b>

**Flour and feed milling, and grains trading**

Revenue grew by 23% to RM621 million in 2Q2014 and 17% to RM1.16 billion for 1H2014 compared with RM506 million and RM993 million respectively in the corresponding periods last year. Higher flour sales volume in Indonesia, Vietnam and Malaysia coupled with the increased animal feed sales volume and improved selling prices in Malaysia contributed to the growth in segment revenue for 2Q2014 and 1H2014.

The segment profits increased by 33% to RM50 million in 2Q2014 and 27% to RM87 million for 1H2014 mainly achieved through higher sales volume of feed with improved profit margins as well as higher sales volume of flour.

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

The segment registered a 15% growth in revenue to RM113 million in 2Q2014 and a 16% growth to RM224 million for 1H2014 compared with the same periods last year. The increase was contributed by the enlarged distributorship granted for an agency product since August 2013 and improved sales from the other existing agency products.

In line with revenue growth as well as improved sales of agency products with better margins, segment profit rose 25% to RM7.6 million in 2Q2014 and 40% to RM15 million for 1H2014.

**Film exhibition and distribution**

Revenue for 2Q2014 was RM92 million which was similar to 2Q2013. For 1H2014, revenue grew by 8% to RM185 million, mainly due to improved cinema collections from blockbuster movies released for the Chinese New Year, higher contribution from concessions and screen advertising income as well as additional revenue from new cinemas opened in 2013.

Segment profit was RM18 million in 2Q2014 compared with RM16 million in 2Q2013. For 1H2014, segment's profit before tax grew by 17% to RM32 million for 1H2014 in line with the growth in revenue.

**Environmental engineering, waste management and utilities**

The segment registered improved revenue of RM28 million in 2Q2014 and RM53 million for 1H2014, representing increase of 26% and 17% respectively compared with the corresponding periods in 2013, mainly contributed by more on-going projects.

Notwithstanding the revenue growth, segment profits were lower at RM0.6 million in 2Q2014 and RM1.0 million for 1H2014 compared with RM2.3 million in 2Q2013 and RM2.9 million for 1H2013. This was mainly due to the new projects being at design approval stage and have not contributed significantly to the results for the quarter and year to-date. In 2Q2013 and 1H2013, the higher segment profits were mainly derived from the realisation of higher profits from completed projects.

**Property investment and development**

The lower segment revenue of RM15 million in 2Q2014 was primarily due to lower progress billings recognised from property sales. Segment revenue for 1H2014 increased by 51% to RM48 million mainly from profit recognition upon delivery of vacant possession of Masera bungalows in Bukit Segar, Kuala Lumpur. Higher rental rates from renewal of tenancies also contributed to the improved segment revenue in 1H2014.

While the higher rentals contributed to the segment profit, the 2Q2014 results were lower at RM5.8 million compared with RM9.5 million in 2Q2013 in line with lower progress billings recognised in the quarter under review. Profit before tax for 1H2014 was higher at RM17 million compared with RM14 million in 1H2013 due to higher progress billings coupled with the increase in rental income.

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

The combined revenue from these segments increased by 9% in 2Q2014 to RM127 million and 12% for 1H2014 to RM246 million, largely due to higher revenue generated by the livestock segment. The revenue growth was driven by increased sales volume as well as higher selling prices of day-old-chicks and eggs. Most of the other segments also reported better performance in the quarter and year to-date under review.

In 2Q2014, the combined segments collectively reported higher profit of RM9.4 million compared with RM2.7 million in 2Q2013 mainly due to the turnaround in the livestock segment as a result of improved selling prices, improved production efficiency and effective cost control. For 1H2014, the combined segments profit was lower than 1H2013 as there was a one-time gain of RM16 million on disposal of the Group's Tradewinds (M) Berhad shares in March 2013. Most of the other segments recorded profits for the period under review.

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

The Group's associates and joint venture contributed profits of RM104 million in 2Q2014 and RM205 million for 1H2014 compared with RM126 million in 2Q2013 and RM318 million for 1H2013 respectively. Wilmar contributed lower profits of RM99 million in 2Q2014 against RM123 million in 2Q2013 and RM196 million for 1H2014 against RM300 million for 1H2013 due to negative soybean crushing margins, lower profits from palm and laurics as well as lower contribution from its associates.

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

	2Q2014	1Q2014	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
- Flour and feed milling, and grains trading	50,146	37,154	12,992	35%
- Marketing, distribution and manufacturing of consumer products	7,641	7,513	128	2%
- Film exhibition and distribution	17,975	14,106	3,869	27%
- Environmental engineering, waste management and utilities	575	422	153	36%
- Property investment and development	5,810	10,998	(5,188)	(47%)
- Chemicals, Livestock, Investments and Other operations	9,403	5,407	3,996	74%
<b>Total segment results</b>	<b>91,550</b>	<b>75,600</b>	<b>15,950</b>	<b>21%</b>
- Share of associates and joint venture's profits less losses	104,061	100,619	3,442	3%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,368)	(2,511)	(857)	(34%)
<b>Total profit before tax</b>	<b>192,243</b>	<b>173,708</b>	<b>18,535</b>	<b>11%</b>

The Group's profit before tax of RM192 million in 2Q2014 was an increase of 11% from RM174 million in 1Q2014. This was mainly from the better performance in the flour and feed milling, and grains trading segment with improved sales volume of flour and feed and grains trading conditions which turned favourable. The film exhibition and distribution segment achieved better performance from the summer blockbuster movies released in 2Q2014. The investments in equities segment recorded higher dividend income from its quoted investments and Wilmar contributed higher profits in 2Q2014 compared with 1Q2014. The property investment and development segment however recorded lower profit in 2Q2014 as there was higher progress billings recognised in 1Q2014 upon delivery of vacant possession of the Masera bungalows.

**B3. Prospects for current financial year**

The Malaysian economy continued to expand in the second quarter of 2014. Household spending remained strong, supported by stable employment conditions and continued wage growth. In Asia generally, domestic demand is expected to remain supportive of growth.

The Group's flour and feed milling, consumer products, film exhibition and bakery businesses are anticipated to benefit from robust domestic consumption for the rest of the year. Several environmental engineering contracts which are scheduled to progress into the construction stage, coupled with the sales of bungalow units in Seberang Prai and Cheras will contribute positively to Group results.

For the current financial year, the Group's core businesses are expected to perform well; whilst its overall consolidated financial results will continue to be contingent on Wilmar, which expects better performance in the second half of the year.

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

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 30-Jun-14 RM'000	Cumulative Quarter 6 months ended 30-Jun-14 RM'000
Profit before tax is stated after crediting :-		
Dividend income	6,588	6,611
Fair value gain on derivatives	9,663	10,772
Foreign exchange (loss)/gain	(7,843)	5,171
Interest income	4,721	8,979
Income from short-term fund placements	2,353	4,627
Rental income	850	1,702
(Loss)/Gain on financial assets at fair value through profit or loss	<u>(139)</u>	<u>133</u>
Profit before tax is stated after charging :-		
Allowance for doubtful debts and write off of receivables	(1,608)	(1,979)
Depreciation and amortisation	(26,555)	(52,938)
Fair value gain/(loss) on derivatives	10,749	(4,314)
Foreign exchange loss	(6,899)	(11,372)
Interest expense	<u>(6,210)</u>	<u>(11,209)</u>

**B6. Taxation**

	Individual Quarter 3 months ended 30-Jun-14 RM'000	Cumulative Quarter 6 months ended 30-Jun-14 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	20,546	38,746
Deferred	3,858	863
	<u>24,404</u>	<u>39,609</u>
Foreign taxation		
Current	(2,679)	1,170
Deferred	231	41
	<u>21,956</u>	<u>40,820</u>
Under/(Over)provision		
Current	(364)	(381)
Deferred	-	1
	<u>21,592</u>	<u>40,440</u>

The effective tax rate is slightly higher than the average statutory rate for the period mainly due to non-allowable expenses incurred.

**B7. Status of corporate proposals**

On 22 April 2013, PPB entered into a shareholders' agreement with Kuok Brothers Sdn Berhad, for the proposed subscription of 40% equity interest in Huge Quest Realty Sdn Bhd ("HQR") comprising 200,000 ordinary shares of RM1.00 ("OS") each and up to 52,600,000 redeemable preference shares of RM0.01 ("RPS") each in HQR. PPB has subscribed for 200,000 OS at RM1.00 per share for cash; and has also completed the subscription of a total of 52,600,000 RPS at RM1.00 per share for cash, in the equity of HQR.

**B8. Group borrowings**

Total Group borrowings as at 30 June 2014 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	91,583	91,583	-
Hire purchase liabilities	57	57	-
Hire purchase liabilities (SGD)	5	5	-
Repayments due within the next 12 months	(29,533)	(29,533)	-
	<u>62,112</u>	<u>62,112</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	228,392	-	228,392
Short-term loans	2,700	-	2,700
Short-term loans (USD)	179,830	-	179,830
Short-term loans (IDR)	40,200	-	40,200
Short-term loans (RMB)	1,553	-	1,553
Current portion of long-term loans	29,511	29,511	-
Hire purchase liabilities	17	17	-
Hire purchase liabilities (SGD)	5	5	-
	<u>482,208</u>	<u>29,533</u>	<u>452,675</u>
Bank overdrafts	1,788	-	1,788
	<u>483,996</u>	<u>29,533</u>	<u>454,463</u>

**B9. Material litigation**

There was no material litigation as at 20 August 2014.

**B10. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2014 of 7 sen per share (2013 : Interim single tier dividend of 8 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Friday, 26 September 2014 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 11 September 2014.

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, 11 September 2014 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 2013 and up to the date of this report are as follows :-

Financial Year	Type	Rate per share (all single tier)	Date paid/payable
2013	Interim dividend	8 sen	27 September 2013
2013	Final dividend	17 sen	6 June 2014
2014	Interim dividend	7 sen	26 September 2014

**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-Jun-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :-		
- Realised	12,308,927	12,208,286
- Unrealised	(88,390)	(77,622)
	<u>12,220,537</u>	<u>12,130,664</u>
Total share of retained profits/(accumulated losses) from associates :-		
- Realised	121,132	121,849
- Unrealised	(1,498)	(1,675)
- Wilmar International Limited ("Wilmar") *	4,173,075	4,142,851
Total share of retained profits from joint venture :-		
- Realised	7,384	6,849
	<u>16,520,630</u>	<u>16,400,538</u>
Less : consolidation adjustments	(2,162,438)	(2,149,157)
Total Group retained profits as per consolidated accounts	<u><u>14,358,192</u></u>	<u><u>14,251,381</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**  
**27 August 2014**

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