

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2015

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 June 2015

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	986,019	956,644	1,963,005	1,839,829
Operating expenses	(938,745)	(879,670)	(1,878,543)	(1,711,938)
Other operating income	20,718	17,418	94,390	44,589
Share of net profits less losses of associates	136,237	103,032	298,574	202,582
Share of profit of joint venture	1,645	1,029	3,065	2,098
Finance costs	(6,935)	(6,210)	(15,011)	(11,209)
Profit before tax	198,939	192,243	465,480	365,951
Tax expense	(15,933)	(21,592)	(47,799)	(40,440)
Profit for the period	<u>183,006</u>	<u>170,651</u>	<u>417,681</u>	<u>325,511</u>
Attributable to :				
Owners of the parent	182,636	166,375	415,551	310,647
Non-controlling interests	370	4,276	2,130	14,864
Profit for the period	<u>183,006</u>	<u>170,651</u>	<u>417,681</u>	<u>325,511</u>
Basic earnings per share (sen)	<u>15.41</u>	<u>14.03</u>	<u>35.05</u>	<u>26.20</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 30 June 2015

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	183,006	170,651	417,681	325,511
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	315,623	(212,697)	1,095,334	(304,609)
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period	(3,523)	(51,491)	10,517	(68,538)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	(794)	-	(794)	-
Share of associates' other comprehensive (loss)/profit	(16,466)	48,872	(195,687)	65,538
Total comprehensive income/(loss)	<u>477,846</u>	<u>(44,665)</u>	<u>1,327,051</u>	<u>17,902</u>
Attributable to :				
Owners of the parent	474,598	(44,086)	1,308,861	8,572
Non-controlling interests	3,248	(579)	18,190	9,330
Total comprehensive income/(loss)	<u>477,846</u>	<u>(44,665)</u>	<u>1,327,051</u>	<u>17,902</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2014, and the accompanying explanatory notes attached to this report.)

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

	As at 30-Jun-15 RM'000	As at 31-Dec-14 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,297,616	1,264,298
Investment properties	193,970	195,623
Biological assets	3,206	3,152
Goodwill	73,876	73,876
Other intangible assets	2,964	2,971
Land held for property development	20,915	19,270
Investments in associates	14,798,815	13,801,218
Investment in joint venture	62,101	58,477
Other investments	527,855	513,672
Deferred tax assets	5,433	5,781
	<u>16,986,751</u>	<u>15,938,338</u>
Current Assets		
Inventories	583,480	718,607
Biological assets	19,126	19,312
Other intangible assets	13,749	10,755
Property development costs	22,638	21,313
Receivables	860,110	800,958
Derivative financial instruments	945	12,040
Cash, bank balances, deposits and short-term fund placements	1,060,501	1,079,311
	<u>2,560,549</u>	<u>2,662,296</u>
Non-current assets classified as held for sale	9,329	4,545
	<u>2,569,878</u>	<u>2,666,841</u>
TOTAL ASSETS	<u><u>19,556,629</u></u>	<u><u>18,605,179</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	16,754,355	15,635,013
Equity attributable to owners of the parent	<u>17,939,855</u>	<u>16,820,513</u>
Non-controlling interests	598,191	560,803
Total equity	<u><u>18,538,046</u></u>	<u><u>17,381,316</u></u>

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

	As at 30-Jun-15 RM'000	As at 31-Dec-14 RM'000
Non-current Liabilities		
Long-term borrowings	55,501	61,990
Deferred tax liabilities	84,253	85,313
	<u>139,754</u>	<u>147,303</u>
Current Liabilities		
Payables	390,288	552,204
Derivative financial instruments	17,808	17,269
Short-term borrowings	450,039	491,595
Current tax liabilities	20,694	14,638
	<u>878,829</u>	<u>1,075,706</u>
Liability associated with non-current assets classified as held for sale	-	854
	<u>878,829</u>	<u>1,076,560</u>
Total liabilities	<u>1,018,583</u>	<u>1,223,863</u>
TOTAL EQUITY AND LIABILITIES	<u>19,556,629</u>	<u>18,605,179</u>
Net assets per share attributable to owners of the parent (RM)	<u>15.13</u>	<u>14.19</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2014, 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 2015

	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			
<u>6 months ended 30 June 2015</u>											
At 1 January 2015	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
Total comprehensive income	-	-	-	912,834	10,115	(80,106)	50,467	415,551	1,308,861	18,190	1,327,051
Transfer of reserves	-	-	(214)	-	-	-	(26,613)	26,827	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	160	160	(6,685)	(6,525)
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	28,577	28,577
Return of capital by a subsidiary	-	-	-	-	-	-	-	-	-	(2,495)	(2,495)
Dividends	-	-	-	-	-	-	-	(189,680)	(189,680)	(198)	(189,878)
At 30 June 2015	1,185,500	6,715	44,454	1,171,653	99,741	(3,209)	292,832	15,142,168	17,939,854	598,192	18,538,046
<u>6 months ended 30 June 2014</u>											
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)	-	-	-
Dividends	-	-	-	-	-	-	-	(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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2014, 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 2015

	6 months ended 30 June	
	2015	2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	465,480	365,951
Adjustments :-		
Non-cash items	(231,586)	(141,403)
Non-operating items	(7,505)	(10,709)
Operating profit before working capital changes	<u>226,389</u>	<u>213,839</u>
Working capital changes :-		
Net change in current assets	56,642	(104,882)
Net change in current liabilities	(123,013)	43,367
Cash generated from operations	<u>160,018</u>	<u>152,324</u>
Tax paid	(38,586)	(23,941)
Net cash generated from operating activities	<u>121,432</u>	<u>128,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(96,268)	(61,939)
Proceeds from disposal of property, plant and equipment and investment properties	4,696	1,146
Purchase of investments	(11,139)	(25,426)
Proceeds from disposal of other investments	1,099	-
Dividends received	184,182	179,895
Interest received	8,276	9,639
Repayment from/(Advances to) associates	19,819	(82,519)
Distribution of profits from joint venture	4,200	-
Other investing activities	9,622	9,859
Net cash generated from investing activities	<u>124,487</u>	<u>30,655</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(61,293)	123,349
Interest paid	(15,986)	(11,012)
Dividends paid	(189,878)	(203,145)
Return of capital to non-controlling interest of subsidiary	(2,495)	-
(Repayment to)/Advances from non-controlling interest of subsidiaries	(2,337)	11,419
Net cash used in financing activities	<u>(271,989)</u>	<u>(79,389)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(26,070)</u>	<u>79,649</u>
Cash and cash equivalents brought forward	1,079,040	964,252
Effect of exchange rate changes	5,201	(1,225)
Cash and cash equivalents carried forward	<u>1,058,171</u>	<u>1,042,676</u>
Cash and cash equivalents represented by :-		
Cash and bank balances	208,379	251,704
Bank deposits	450,377	506,694
Short-term fund placements	401,745	286,066
Bank overdrafts	(2,330)	(1,788)
	<u>1,058,171</u>	<u>1,042,676</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2014, 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 2014 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2015 :-

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138	Annual Improvements to FRSs 2010 - 2012 Cycle
Amendments to FRS 3, FRS 13 and FRS 140	Annual Improvements to FRSs 2011 - 2013 Cycle

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

A2. Seasonality or Cyclicity of Interim Operations

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

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

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

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the 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-15 RM'000	Cumulative Quarter 6 months ended 30-Jun-15 RM'000
<u>Dividend paid on ordinary shares</u>		
FY2014 : Final dividend - 16 sen per share single tier	189,680	189,680

A7. Segmental reporting**Changes in Group segmental reporting**

The segment reporting structure in the financial reports has been realigned with the Group's internal operating structure. The realignment corresponds to PPB Group's objective to enhance synergy within its core operations and related businesses.

The Group has introduced these changes based on the seven reportable segments described below beginning from financial year 2015. Hence, the Group has presented the interim financial reports with the new segment reporting structure beginning from the first quarter of 2015 with prior periods adjusted accordingly.

Grains and agribusiness

This segment includes flour milling and manufacturing of animal feed, wheat and maize trading, production of day-old-chicks, eggs and other related downstream activities, and oil palm plantations.

Consumer products

This segment includes marketing and distribution of edible oils and consumer products, production and distribution of frozen food and bakery products, and manufacturing of toilet requisites and household products.

Film exhibition and distribution

This segment includes exhibition and distribution of cinematograph films.

Environmental engineering and utilities

This segment includes construction works specialising in the water and environmental industries and provision of waste management services.

Property

This segment includes letting of commercial properties, and development of residential and commercial properties.

Investments in equities

This segment includes investments in quoted and unquoted shares.

Other operations

This segment includes chemical trading and manufacturing, investment holding, packaging and others.

As part of this realignment, livestock farming and oil palm plantations have been combined into **grains and agribusiness**. The production and distribution of frozen food and bakery products both of which were previously components of other operations are now grouped together with **consumer products**. Chemical trading and manufacturing has been aggregated into **other operations**. The other reportable segments remain the same as per the former grouping. This segmental realignment has no impact on the consolidated segment revenue, profits, assets or liabilities.

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 June 2015

Business Segments:	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
<i>All figures in RM'000</i>									
REVENUE									
External revenue	1,231,351	300,969	224,242	121,487	29,432	4,799	50,725	-	1,963,005
Inter-segment sales	56,192	2	-	-	987	-	21,959	(79,140)	-
Total revenue	<u>1,287,543</u>	<u>300,971</u>	<u>224,242</u>	<u>121,487</u>	<u>30,419</u>	<u>4,799</u>	<u>72,684</u>	<u>(79,140)</u>	<u>1,963,005</u>
RESULTS									
Segment results	99,569	11,753	36,685	4,618	12,916	5,577	342	-	171,460
Share of associates' profits less losses	(4,796)	365	3,965	2,611	2,479	-	293,950	-	298,574
Share of joint venture's profit	-	-	-	3,065	-	-	-	-	3,065
Interest income									8,102
Income from short-term fund placements									7,778
Finance costs									(15,011)
Unallocated corporate expenses									(8,488)
Profit before tax									<u>465,480</u>
ASSETS									
Segment assets	1,924,836	489,395	307,200	113,468	307,409	527,854	148,142	(3,651)	3,814,653
Investments in associates	259,320	1,883	82,209	46,592	179,719	-	14,229,092	-	14,798,815
Investment in joint venture	-	-	-	62,101	-	-	-	-	62,101
Bank deposits and short-term fund placements									852,122
Tax assets									12,387
Other unallocated corporate assets									16,551
Total assets									<u>19,556,629</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 22 June 2015, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB, subscribed for the entire issued and paid-up capital of USD2.00 in GSC Cambodia Limited ("GSCC") for cash. Arising therefrom, GSCC has become an indirect 100%-owned subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

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

A11. Capital commitments

Authorised capital commitments not provided for in the interim financial report as at 30 June 2015 were as follows:-

	RM'000
Property, plant and equipment and investment properties	
- contracted	60,673
- not contracted	290,657
	<u>351,330</u>
Other capital commitments	
- contracted	133,072
- not contracted	86,260
	<u>219,332</u>
	<u>570,662</u>

A12. Significant related party transactions

Significant related party transactions during the financial period ended 30 June 2015 were as follows:-

	RM'000
Transactions with an associate	
- Management fee received/receivable	4,637
- Film rental received/receivable	458
- Purchase of goods	2,858
	<u>7,953</u>
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	5,892
	<u>5,892</u>
Transactions with subsidiaries of an associate	
- Purchase of goods	82,857
- Sales of goods	1,600
- Rental received	1,696
- Security and other service fees paid and payable	5,407
- Charter hire of vessels	22,182
	<u>113,742</u>

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

Group revenue grew marginally by 3% in 2Q2015 to RM986 million from RM957 million in 2Q2014 contributed by higher turnover in the film exhibition segment. For 1H2015, Group revenue increased by 7% to RM1.96 billion compared with RM1.84 billion in 1H2014, primarily driven by improved revenue in the environmental engineering, grains and agribusiness, and film exhibition segments. The property, consumer products and investments and other operations segments however generated lower revenue in 1H2015.

Group profit before tax of RM199 million in 2Q2015 was up modestly by 3% compared with RM192 million in 2Q2014. For 1H2015, Group profit before tax improved 27% to RM465 million compared with RM366 million for 1H2014 with the increase mainly contributed by an associate, Wilmar International Limited ("Wilmar"). Better performance in the film exhibition and distribution, grains and agribusiness, and the environmental engineering segments cushioned the lower contributions from the property and consumer products segments.

Group financial performance by business segment

	2Q2015	2Q2014	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	649,088	653,297	(4,209)	(1%)
Consumer products	157,021	152,228	4,793	3%
Film exhibition and distribution	118,347	92,133	26,214	28%
Environmental engineering and utilities	46,291	28,031	18,260	65%
Property	16,431	15,489	942	6%
Investments and Other operations	41,915	55,332	(13,417)	(24%)
Elimination	(43,074)	(39,866)	(3,208)	
Total revenue	986,019	956,644	29,375	3%

	1H2015	1H2014	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	1,287,543	1,226,342	61,201	5%
Consumer products	300,971	301,009	(38)	(0%)
Film exhibition and distribution	224,242	185,427	38,815	21%
Environmental engineering and utilities	121,487	53,273	68,214	>100%
Property	30,419	48,455	(18,036)	(37%)
Investments and Other operations	77,483	105,059	(27,576)	(26%)
Elimination	(79,140)	(79,736)	596	
Total revenue	1,963,005	1,839,829	123,176	7%

	2Q2015	2Q2014	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	19,992	53,998	(34,006)	(63%)
Consumer products	7,566	7,685	(119)	(2%)
Film exhibition and distribution	20,481	17,975	2,506	14%
Environmental engineering and utilities	1,816	575	1,241	>100%
Property	6,138	5,810	328	6%
Investments and Other operations	8,095	5,507	2,588	47%
Total segment results	64,088	91,550	(27,462)	(30%)
Share of associates and joint venture's profits less losses	137,882	104,061	33,821	33%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,031)	(3,368)	337	10%
Total profit before tax	198,939	192,243	6,696	3%

	1H2015	1H2014	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
Grains and agribusiness	99,569	95,839	3,730	4%
Consumer products	11,753	16,393	(4,640)	(28%)
Film exhibition and distribution	36,685	32,081	4,604	14%
Environmental engineering and utilities	4,618	997	3,621	>100%
Property	12,916	16,808	(3,892)	(23%)
Investments and Other operations	5,919	5,032	887	18%
Total segment results	171,460	167,150	4,310	3%
Share of associates and joint venture's profits less losses	301,639	204,680	96,959	47%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(7,619)	(5,879)	(1,740)	(30%)
Total profit before tax	465,480	365,951	99,529	27%

Grains and agribusiness

Revenue decreased marginally by 1% to RM649 million in 2Q2015 compared with RM653 million in the corresponding period last year, mainly due to lower selling prices of flour in Indonesia despite the increased volume, due to intense competition. The higher animal feed sales volume however mitigated the reduced revenue in the quarter. For 1H2015, the segment delivered improved revenue of RM1.29 billion compared with RM1.23 billion in 1H2014, riding on higher animal feed and maize sales volumes, increased flour sales volume in Vietnam and improved flour selling prices in Malaysia.

Segment profit was down by 63% to RM20 million in 2Q2015 compared with RM54 million in 2Q2014. This was mainly caused by losses suffered in the flour operations in Indonesia due to lower selling prices and intense competition. For 1H2015, the segment profit was slightly higher at RM100 million compared with RM96 million for 1H2014, mainly from improved foreign exchange translation positions and more favourable raw material costs. The livestock farming business and Indonesian flour mill incurred losses in 1H2015 due to difficult operating environments.

Consumer products

The segment registered a 3% increase in revenue to RM157 million in 2Q2015 compared with the same quarter last year, mainly driven by sales of "Chiffon in a Cup" and improved selling prices. For 1H2015, segment revenue of RM301 million achieved was broadly the same as 1H2014. The opening of new distribution centres for bakery products in 3Q2014 contributed to the increase in the segment revenue for 1H2015. The revenue growth was however negated by lower revenue generated from agency products.

In 2Q2015 and 1H2015, segment profits were lower at RM7.6 million and RM11.8 million respectively compared with the corresponding quarter and period last year. Higher advertisement, promotional and selling expenses resulted in lower profitability for the segment.

Film exhibition and distribution

The segment continued its strong performance with revenue growth of 28% to RM118 million in 2Q2015 and 21% to RM224 million for 1H2015 compared with the corresponding quarter and period last year. Higher revenue was mainly contributed by the six new cinemas and summer blockbuster movies titles released.

In line with revenue growth, the segment profits were up by 14%, both in 2Q2015 and 1H2015 to RM21 million and RM37 million respectively.

Environmental engineering and utilities

In 2Q2015, this segment delivered significant higher revenue of RM46 million compared with RM28 million in 2Q2014 and RM121 million for 1H2015 compared with RM53 million for 1H2014. This was mainly attributed to the increase in the number of on-going engineering projects, as well as revenues being progressively recognised from the raw water supply project and most of the sewage projects being at the construction stages.

Growing in tandem with higher revenue, segment profit improved to RM1.8 million in 2Q2015 from RM0.6 million in 2Q2014 and RM4.6 million for 1H2015 from RM1 million for 1H2014.

Property

Rental of investment properties and project management fees were the major contributors to the segment revenue of RM16 million in 2Q2015 and RM30 million for 1H2015. While rental income increased during the period from renewal of tenancies and the project management activities billed higher fees, property development progress billings decreased in 1H2015. The current billings from bungalow sales in Seberang Perai Tengah are of lesser values compared with the billings in 1H2014 on delivery of vacant possession of the Masera bungalows in Kuala Lumpur.

Segment profit was RM6.1 million in 2Q2015 compared with RM5.8 million in 2Q2014. For 1H2015, the lower profit earned of RM12.9 million was due to lesser progress billings after completion of the Masera bungalows last year.

Investments and Other operations

The combined segment revenue decreased by 24% in 2Q2015 to RM42 million and 26% to RM77 million for 1H2015 compared with RM55 million in 2Q2014 and RM105 million for 1H2014. Lower revenue was generated from the chemicals trading and manufacturing business as management tightened credit control policies and streamlined sales in response to the challenging operating environment. Following the relocation of packaging production facilities from Malaysia to Myanmar, the division's revenue declined in line with its business restructuring and production streamlining programme. Contribution from the shipping business has discontinued with the disposal of the ship while dividend income received from quoted investments was lower in the quarter and period under review.

The combined segments collectively registered profits of RM8.1 million in 2Q2015 compared with RM5.5 million in 2Q2014 and RM5.9 million for 1H2015 compared with RM5.0 million for 1H2014. This was largely attributed to lower raw material costs and favourable foreign exchange transactions from export sales in the chemicals trading and manufacturing division. The segment's profits were partly reduced by lower dividends received from investments in equities and the relocation costs incurred in the packaging business.

Share of associates and joint venture's profits less losses

The Group's associates and joint venture contributed higher profits of RM138 million in 2Q2015 compared with RM104 million in 2Q2014 and RM302 million for 1H2015 compared with RM205 million for 1H2014. Wilmar contributed higher profits of RM135 million in 2Q2015 against RM99 million in 2Q2014 and RM294 million for 1H2015 against RM196 million for 1H2014 mainly due to strong performance from its oilseeds and grains segment, lower foreign exchange losses from shareholders loans and improved performance from its investment securities.

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

Segment results	2Q2015	1Q2015	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	19,992	79,577	(59,585)	(75%)
Consumer products	7,566	4,187	3,379	81%
Film exhibition and distribution	20,481	16,204	4,277	26%
Environmental engineering and utilities	1,816	2,802	(986)	(35%)
Property	6,138	6,778	(640)	(9%)
Investments and Other operations	8,095	(2,176)	10,271	>100%
Total segment results	64,088	107,372	(43,284)	(40%)
Share of associates and joint venture's profits less losses	137,882	163,757	(25,875)	(16%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,031)	(4,588)	1,557	34%
Total profit before tax	198,939	266,541	(67,602)	(25%)

The Group reported a profit before tax of RM199 million in 2Q2015, representing a decrease of 25% from RM266 million in 1Q2015.

Profit from the grains and agribusiness segment reduced to RM20 million in 2Q2015 compared to RM80 million in 1Q2015 due to unfavourable foreign exchange translation positions, raw material price movements and reduced farm product prices. The film exhibition segment enjoyed higher box office takings that were contributed by new cinemas opened in 1H2015 and strong summer blockbuster movies released in the second quarter. Pre-festive season purchases by customers had boosted sales in the consumer products segment in 2Q2015.

The environmental engineering and utilities segment had lower progress billings in 2Q2015 whilst the property segment earned lesser profit in 2Q2015 as there was a net gain on disposal of investment properties in 1Q2015. The combined segment performed better mainly from higher dividend income received in 2Q2015 and the turnaround in the packaging division. With the relocation of the packaging operations from Malaysia to Myanmar, the division generated a small profit as the one-off relocation costs had been accounted for in the preceding quarters.

B3. Prospects for the current financial year

Bank Negara Malaysia has reported that GDP growth in Malaysia had moderated to 4.9% in the second quarter of 2015 from a 5.6% expansion in the first quarter of 2015. Domestic consumer and business sentiments have turned cautious in view of higher prices of food and consumer goods following the implementation of the Goods and Services Tax ("GST"), and the effect of the weakening Ringgit.

As consumers continue to adjust to the introduction of GST, stable labour market conditions would support household spending. Management is confident that the Group's consumer products, grains and agribusiness results will remain positive despite the soft market. Cinema admissions will continue to be driven by strong movie title releases and the newly-opened cinemas. The environmental engineering segment should achieve higher revenue in line with the construction progress of contracts in hand. Property sales are expected to be weak for the rest of the year as the local property market goes through challenging times.

Overall, the Group anticipates to achieve similar performance in the second half of the year while the consolidated financial results in 2015 will continue to be substantially supported by Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Jun-15 RM'000	Cumulative Quarter 6 months ended 30-Jun-15 RM'000
Profit before tax is stated after crediting :-		
Dividend income	4,743	4,798
Fair value gain on derivatives	(373)	40,052
Foreign exchange gain	5,442	24,602
Gain on disposal of investment property	-	499
Gain on disposal of quoted shares	786	786
Interest income	4,236	8,102
Income from short-term fund placements	3,966	7,778
Rental income	926	1,839
	<hr/>	<hr/>
Profit before tax is stated after charging :-		
Allowance for doubtful debts and receivables written-off	(217)	(342)
Depreciation and amortisation	(27,366)	(55,252)
Fair value loss on derivatives	(12,064)	(12,667)
Foreign exchange loss	(320)	(13,147)
Interest expense	(6,935)	(15,011)
Loss on disposal of investment property	-	(194)
Loss on financial assets at fair value through profit or loss	19	(65)
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B6. Tax expense

	Individual Quarter 3 months ended 30-Jun-15 RM'000	Cumulative Quarter 6 months ended 30-Jun-15 RM'000
Taxation comprises :-		
Malaysian taxation		
Current	19,455	48,342
Deferred	(4,446)	(3,489)
	<hr/>	<hr/>
	15,009	44,853
Foreign taxation		
Current	415	1,101
Deferred	523	1,481
	<hr/>	<hr/>
	15,947	47,435
(Over)/Underprovision in prior year		
Current	(14)	364
	<hr/>	<hr/>
	15,933	47,799
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The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax credit not recognised by a foreign subsidiary. Deferred tax benefit will be recognised when the subsidiary is able to estimate accurately the timing of its future profits.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 19 August 2015.

B8. Group borrowings

Total Group borrowings as at 30 June 2015 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	78,213	78,213	-
Hire purchase liabilities	24	24	-
Repayments due within the next 12 months	(22,736)	(22,736)	-
	<u>55,501</u>	<u>55,501</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	220,126	-	220,126
Short-term loans	1,000	-	1,000
Short-term loans (USD)	23,710	-	23,710
Short-term loans (IDR)	151,486	-	151,486
Short-term loans (VND)	28,651	-	28,651
Current portion of long-term loans	22,718	22,718	-
Hire purchase liabilities	18	18	-
	<u>447,709</u>	<u>22,736</u>	<u>424,973</u>
Bank overdrafts	2,330	-	2,330
	<u>450,039</u>	<u>22,736</u>	<u>427,303</u>

B9. Material litigation

There was no material litigation as at 19 August 2015.

B10. Dividends

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2015 of 8 sen per share (2014 : Interim single tier dividend of 7 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Monday, 28 September 2015 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 10 September 2015.

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

- Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 10 September 2015 in respect of ordinary transfers, and
- 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 2014 and up to the date of this report are as follows :-

Financial Year	Type	Amount per share	Date paid/payable
2014	Interim dividend	7 sen	26 September 2014
2014	Final dividend	16 sen	29 May 2015
2015	Interim dividend	8 sen	28 September 2015

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-15 RM'000	As at 31-Dec-14 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :-		
- Realised	12,572,299	12,380,925
- Unrealised	<u>(100,155)</u>	<u>(92,733)</u>
	12,472,144	12,288,192
Total share of retained profits/(accumulated losses) from associates :-		
- Realised	138,100	149,566
- Unrealised	(1,465)	(1,587)
- Wilmar International Limited ("Wilmar") *	4,765,802	4,620,617
Total share of retained profits from joint venture :-		
- Realised	<u>8,201</u>	<u>8,034</u>
	17,382,782	17,064,822
Less : consolidation adjustments	<u>(2,240,614)</u>	<u>(2,175,512)</u>
Total Group retained profits as per consolidated accounts	<u><u>15,142,168</u></u>	<u><u>14,889,310</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
26 August 2015

By Order of the Board

Mah Teck Keong
Company Secretary