

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

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2015

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	994,709	927,965	2,957,714	2,767,794
Operating expenses	(937,269)	(866,980)	(2,815,812)	(2,578,918)
Other operating income	72,697	52,132	167,087	96,721
Share of net profits less losses of associates	211,691	256,336	510,265	458,918
Share of profit of joint venture	1,683	1,017	4,748	3,115
Finance costs	(6,617)	(4,204)	(21,628)	(15,413)
Profit before tax	336,894	366,266	802,374	732,217
Tax expense	(33,895)	(33,702)	(81,694)	(74,142)
Profit for the period	<u>302,999</u>	<u>332,564</u>	<u>720,680</u>	<u>658,075</u>
Attributable to :				
Owners of the parent	294,739	324,698	710,290	635,345
Non-controlling interests	8,260	7,866	10,390	22,730
Profit for the period	<u>302,999</u>	<u>332,564</u>	<u>720,680</u>	<u>658,075</u>
Basic earnings per share (sen)	<u>24.86</u>	<u>27.39</u>	<u>59.91</u>	<u>53.59</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 September 2015

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	302,999	332,564	720,680	658,075
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Foreign exchange differences arising during the year :				
-Exchange differences on translation of foreign operations	2,563,096	231,768	3,658,430	(72,841)
-Reclassification adjustments to profit or loss upon liquidation of a subsidiary	(5,285)	-	(5,285)	-
Fair value of available-for-sale financial assets :				
- Losses arising during the period	(108,950)	(25,521)	(98,433)	(94,059)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	-	(794)	-
Share of associates' other comprehensive loss	(519,339)	(80,645)	(715,026)	(15,107)
Total comprehensive income	<u>2,232,521</u>	<u>458,166</u>	<u>3,559,572</u>	<u>476,068</u>
Attributable to :				
Owners of the parent	2,193,076	446,539	3,501,937	455,111
Non-controlling interests	39,445	11,627	57,635	20,957
Total comprehensive income	<u>2,232,521</u>	<u>458,166</u>	<u>3,559,572</u>	<u>476,068</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-Sep-15 RM'000	As at 31-Dec-14 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,350,483	1,264,298
Investment properties	194,497	195,623
Biological assets	3,236	3,152
Goodwill	73,876	73,876
Other intangible assets	2,947	2,971
Land held for property development	21,722	19,270
Investments in associates	16,933,924	13,801,218
Investment in joint venture	73,011	58,477
Other investments	420,826	513,672
Deferred tax assets	4,468	5,781
	<u>19,078,990</u>	<u>15,938,338</u>
Current Assets		
Inventories	633,888	718,607
Biological assets	20,073	19,312
Other intangible assets	13,602	10,755
Property development costs	24,724	21,313
Receivables	968,082	800,958
Derivative financial instruments	152	12,040
Cash, bank balances, deposits and short-term fund placements	1,111,368	1,079,311
	<u>2,771,889</u>	<u>2,662,296</u>
Non-current assets classified as held for sale	9,108	4,545
	<u>2,780,997</u>	<u>2,666,841</u>
TOTAL ASSETS	<u><u>21,859,987</u></u>	<u><u>18,605,179</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	18,864,538	15,635,013
Equity attributable to owners of the parent	20,050,038	16,820,513
Non-controlling interests	636,124	560,803
Total equity	<u><u>20,686,162</u></u>	<u><u>17,381,316</u></u>

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

	As at 30-Sep-15 RM'000	As at 31-Dec-14 RM'000
Non-current Liabilities		
Long-term borrowings	129,850	61,990
Deferred tax liabilities	93,411	85,313
	<u>223,261</u>	<u>147,303</u>
Current Liabilities		
Payables	438,310	552,204
Derivative financial instruments	2,653	17,269
Short-term borrowings	490,282	491,595
Current tax liabilities	19,319	14,638
	<u>950,564</u>	<u>1,075,706</u>
Liability associated with non-current assets classified as held for sale	-	854
	<u>950,564</u>	<u>1,076,560</u>
Total liabilities	<u>1,173,825</u>	<u>1,223,863</u>
TOTAL EQUITY AND LIABILITIES	<u>21,859,987</u>	<u>18,605,179</u>
Net assets per share attributable to owners of the parent (RM)	<u>16.91</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 September 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			
9 months ended 30 September 2015											
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	-	-	-	3,073,081	(98,827)	(106,793)	(75,814)	710,290	3,501,937	57,635	3,559,572
Transfer of reserves	-	-	(321)	-	-	-	(31,848)	32,169	-	-	-
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)
Changes in equity interest in an associate	-	-	-	-	-	-	-	11,948	11,948	-	11,948
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(1,711)	(286,231)
At 30 September 2015	1,185,500	6,715	44,347	3,331,900	(9,201)	(29,896)	161,316	15,359,357	20,050,038	636,124	20,686,162
9 months ended 30 September 2014											
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	-	-	-	(158,082)	(94,048)	49,470	22,426	635,345	455,111	20,957	476,068
Transfer of reserves	-	-	(356)	-	-	-	2,561	(2,205)	-	-	-
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(1,609)	(286,129)
At 30 September 2014	1,185,500	6,715	44,775	(452,493)	142,139	25,547	271,687	14,600,001	15,823,871	557,965	16,381,836

(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.)

**Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 September 2015**

	9 months ended 30 September	
	2015	2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	802,374	732,217
Adjustments :		
Non-cash items	(443,187)	(398,442)
Non-operating items	(13,270)	(16,289)
Operating profit before working capital changes	345,917	317,486
Working capital changes :-		
Net change in current assets	5,052	(129,315)
Net change in current liabilities	(49,014)	59,353
Cash generated from operations	301,955	247,524
Tax paid	(65,615)	(45,192)
Net cash generated from operating activities	236,340	202,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(150,772)	(128,292)
Proceeds from disposal of property, plant and equipment and investment properties	5,802	1,440
Purchase of investments	(19,003)	(31,880)
Proceeds from disposal of other investments	1,106	-
Dividends received	271,692	241,130
Interest received	12,839	13,732
Advances to associates	(39,312)	(64,499)
Distribution of profits from joint venture	4,360	-
Other investing activities	14,937	13,279
Net cash generated from investing activities	101,649	44,910
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	15,572	61,376
Interest paid	(22,670)	(15,185)
Dividends paid	(286,231)	(286,129)
Return of capital to non-controlling interest of a subsidiary	(2,495)	-
(Repayment to)/Advances from non-controlling interest of a subsidiary	(31,997)	11,206
Net cash used in financing activities	(327,821)	(228,732)
Net increase in cash and cash equivalents	10,168	18,510
Cash and cash equivalents brought forward	1,079,040	964,252
Effect of exchange rate changes	20,162	(198)
Cash and cash equivalents carried forward	1,109,370	982,564
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	214,534	218,574
Bank deposits	465,546	448,128
Short-term fund placements	431,288	318,815
Bank overdrafts	(1,998)	(2,953)
	1,109,370	982,564

(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. Dividends paid

	Individual Quarter 3 months ended 30-Sep-15 RM'000	Cumulative Quarter 9 months ended 30-Sep-15 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2014 : Final dividend - 16 sen per share single tier	-	189,680
FY2015 : Interim dividend - 8 sen per share single tier	94,840	94,840
	<u>94,840</u>	<u>284,520</u>

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 under **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 September 2015

Business Segments: <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
REVENUE									
External revenue	1,881,554	445,044	328,240	177,259	43,392	7,242	74,983	-	2,957,714
Inter-segment sales	82,316	3	-	-	1,488	-	27,664	(111,471)	-
Total revenue	<u>1,963,870</u>	<u>445,047</u>	<u>328,240</u>	<u>177,259</u>	<u>44,880</u>	<u>7,242</u>	<u>102,647</u>	<u>(111,471)</u>	<u>2,957,714</u>
RESULTS									
Segment results	187,631	15,279	50,180	8,123	20,324	7,800	7,125	-	296,462
Share of associates' profits less losses	(2,948)	415	5,500	4,588	3,082	-	499,628	-	510,265
Share of joint venture's profit	-	-	-	4,748	-	-	-	-	4,748
Interest income									12,767
Income from short-term fund placements									11,958
Finance costs									(21,628)
Unallocated corporate expenses									(12,198)
Profit before tax									<u>802,374</u>
ASSETS									
Segment assets	2,141,431	493,562	302,131	110,713	304,112	420,998	155,881	(53)	3,928,775
Investments in associates	299,793	1,933	95,580	49,134	179,641	-	16,307,843	-	16,933,924
Investment in joint venture	-	-	-	73,011	-	-	-	-	73,011
Bank deposits and short-term fund placements									896,834
Tax assets									13,277
Other unallocated corporate assets									14,166
Total assets									<u>21,859,987</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.
- b) On 30 July 2015, Affluence Trading Sdn Bhd, a dormant wholly-owned subsidiary of PPB commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- c) On 19 August 2015, GSC Cambodia Limited, an indirect wholly-owned subsidiary of PPB established a new wholly-owned subsidiary, Golden Screen Cinemas (Cambodia) Co., Ltd ("GSC Cambodia") in the Kingdom of Cambodia with a paid-up share capital of 4,000,000 Cambodian Riel ("KHR"), for a total cash subscription of 4,000,000 KHR. Arising therefrom, GSC Cambodia has become an indirect 100%-owned subsidiary of PPB.
- d) On 29 October 2015, Resolute Services Sdn Bhd ("RCSB"), a dormant 80%-owned indirect subsidiary of PPB, received a notice dated 15 October 2015 from the Companies Commission of Malaysia informing that RCSB has been struck off from the Register of Companies on 11 June 2015 pursuant to Section 308 of the Companies Act 1965. Accordingly , RCSB has 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 September 2015 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	60,979
- not contracted	258,751
	<u>319,730</u>
Other capital commitments	
- contracted	80,782
- not contracted	100,490
	<u>181,272</u>
	<u>501,002</u>

A12. Significant related party transactions

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

	RM'000
Transactions with an associate	
- Management fee received/receivable	6,397
- Film rental received/receivable	571
- Purchase of goods	4,158
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Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	10,248
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Transactions with subsidiaries of an associate	
- Purchase of goods	122,848
- Sales of goods	2,119
- Rental received	2,543
- Security and other service fees paid and payable	5,964
- Charter hire of vessels	29,469
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B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Analysis of performance for the financial period to-date**

Group revenue increased by 7% both in 3Q2015 and 9M2015 to RM995 million and RM2.96 billion respectively. This was primarily attributed to higher revenue from the grains and agribusiness, environmental engineering, and film exhibition segments. Consumer products, property, investments and other operations segments delivered lower revenue in the quarter and period to-date under review.

The Group profit before tax of RM337 million recorded in 3Q2015 was 8% lower compared with RM366 million in 3Q2014. Despite better results posted by most of the Group's segments in 3Q2015, Group profit was offset by lower contribution from an associate, Wilmar International Limited ("Wilmar"). For 9M2015, the Group achieved a 10% increase in profit before tax to RM802 million compared with RM732 million for 9M2014, largely due to a foreign exchange translation gain on the share of Wilmar's results which are reported in US Dollars ("USD"), as well as profits from most of the Group's business segments.

Group financial performance by business segment

	3Q2015	3Q2014	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Grains and agribusiness	676,327	623,743	52,584	8%
Consumer products	144,076	153,350	(9,274)	(6%)
Film exhibition and distribution	103,998	89,226	14,772	17%
Environmental engineering and utilities	55,772	26,883	28,889	>100%
Property	14,461	22,578	(8,117)	(36%)
Investments and Other operations	32,406	49,035	(16,629)	(34%)
Elimination	(32,331)	(36,850)	4,519	
Total revenue	994,709	927,965	66,744	7%

Revenue	9M2015	9M2014	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	1,963,870	1,850,085	113,785	6%
Consumer products	445,047	454,359	(9,312)	(2%)
Film exhibition and distribution	328,240	274,653	53,587	20%
Environmental engineering and utilities	177,259	80,156	97,103	>100%
Property	44,880	71,033	(26,153)	(37%)
Investments and Other operations	109,889	154,094	(44,205)	(29%)
Elimination	(111,471)	(116,586)	5,115	
Total revenue	2,957,714	2,767,794	189,920	7%

Segment results	3Q2015	3Q2014	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	88,062	81,390	6,672	8%
Consumer products	3,526	7,163	(3,637)	(51%)
Film exhibition and distribution	13,495	14,758	(1,263)	(9%)
Environmental engineering and utilities	3,505	(203)	3,708	>100%
Property	7,408	7,134	274	4%
Investments and Other operations	9,006	(856)	9,862	>100%
Total segment results	125,002	109,386	15,616	14%
Share of associates and joint venture's profits less losses	213,374	257,353	(43,979)	(17%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(1,482)	(473)	(1,009)	>(100%)
Total profit before tax	336,894	366,266	(29,372)	(8%)

Segment results	9M2015	9M2014	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	187,631	177,229	10,402	6%
Consumer products	15,279	23,556	(8,277)	(35%)
Film exhibition and distribution	50,180	46,839	3,341	7%
Environmental engineering and utilities	8,123	794	7,329	>100%
Property	20,324	23,942	(3,618)	(15%)
Investments and Other operations	14,925	4,176	10,749	>100%
Total segment results	296,462	276,536	19,926	7%
Share of associates and joint venture's profits less losses	515,013	462,033	52,980	11%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(9,101)	(6,352)	(2,749)	(43%)
Total profit before tax	802,374	732,217	70,157	10%

Grains and agribusiness

Revenue grew by 8% to RM676 million in 3Q2015 compared with RM624 million in the corresponding period last year. For 9M2015, segment revenue was up 6% to RM1.96 billion from RM1.85 billion a year ago, mainly driven by higher flour sales volume in Vietnam and increased feed sales volume in Malaysia.

Segment profits were up by 8% to RM88 million in 3Q2015 and 6% to RM188 million for 9M2015, primarily attributable to improved foreign exchange translation positions, higher profit from increased feed sales volume coupled with better results from the Malaysian flour mills.

Consumer products

The segment posted revenue of RM144 million in 3Q2015 and RM445 million for 9M2015 compared with RM153 million and RM454 million respectively in the same quarter and period to-date last year. The lower revenue was due to lower sales from agency products, which was partially mitigated by revenue growth generated by bakery products and in-house products.

The lower sales of agency products resulted in lower segment profits of RM3.5 million in 3Q2015 and RM15 million for 9M2015.

Film exhibition and distribution

The segment continued to strengthen with revenue increasing by 17% to RM104 million in 3Q2015, and by 20% to RM328 million for 9M2015 mainly due to contribution from new cinemas and improved cinema collections from blockbuster movie titles released.

In 3Q2015, segment profit was RM13 million compared with RM15 million in 3Q2014 due to lower contribution from film distribution. For 9M2015, profit grew by 7% from RM47 million to RM50 million mainly from higher cinema operations revenue.

Environmental engineering and utilities

Revenue from this segment more than doubled from RM27 million in 3Q2014 to RM56 million in 3Q2015, and from RM80 million for 9M2014 to RM177 million for 9M2015. This was primarily driven by progressive revenue recognition from the raw water supply projects and most of the sewage projects being at the construction stages, as well as the increase in the number of on-going engineering projects.

The improvement in segment profits to RM3.5 million in 3Q2015 and RM8.1 million for 9M2015 were in line with higher revenue delivered in the quarter and period to-date under review.

Property

Rental of investment properties which was the major contributor to the segment revenue of RM14 million in 3Q2015 and RM45 million for 9M2015, was broadly similar to the comparative periods. Property development posted lower revenue from progress billings of bungalow sales in Seberang Perai Tengah compared with the bulk of higher progress billings in 9M2014 on delivery of vacant possession of the Masera bungalows in Kuala Lumpur. However, higher fee income generated by project management activities helped to cushion the lower segment revenue.

Segment profit was marginally higher at RM7.4 million in 3Q2015 compared with RM7.1 million in 3Q2014, riding on the higher profit from project management income. For 9M2015, lower segment profit of RM20 million was mainly due to lesser progress billings after completion of the Masera bungalow project last year.

Investments and Other operations

The combined segment revenue decreased by 34% in 3Q2015 to RM32 million and 29% to RM110 million for 9M2015 compared with RM49 million in 3Q2014 and RM154 million for 9M2014. Revenue from chemicals trading and manufacturing business was lower as management tightened credit control policies. Revenue from the packaging business was lower after an operational restructuring and production streamlining exercise whereby the packaging production operations were relocated from Malaysia to Myanmar. Lesser dividend income received from quoted investments and the discontinuance of the shipping business after the disposal of the ship also contributed to the revenue decrease.

The combined segments collectively registered profit of RM9.0 million in 3Q2015 compared with a loss of RM0.9 million in 3Q2014. For 9M2015, the combined segment profit was higher at RM15 million compared with RM4.0 million for 9M2014. This was mainly attributed to a gain of RM5.3 million on liquidation of a subsidiary. The favourable foreign exchange transactions from export sales had also contributed to a higher profit in chemical trading and manufacturing as well as lower losses incurred by the packaging business.

Share of associates and joint venture's profits less losses

The Group's associates and joint venture contributed lower profits of RM213 million in 3Q2015 compared with RM257 million in 3Q2014. Wilmar contributed a lower profit of RM205 million in 3Q2015 against RM247 million in 3Q2014 mainly from mark-to-market losses in investment securities as a result of the weaker equity market.

For 9M2015, contribution from the associates and joint venture was higher at RM515 million compared with RM462 million for 9M2014, of which Wilmar's contribution was RM499 million for 9M2015 against RM443 million for 9M2014. This was mainly due to foreign exchange translation gain on the share of Wilmar's results which are reported in USD despite lower profit delivered by Wilmar.

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

Segment results	3Q2015	2Q2015	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	88,062	19,992	68,070	>100%
Consumer products	3,526	7,566	(4,040)	(53%)
Film exhibition and distribution	13,495	20,481	(6,986)	(34%)
Environmental engineering and utilities	3,505	1,816	1,689	93%
Property	7,408	6,138	1,270	21%
Investments and Other operations	9,006	8,095	911	11%
Total segment results	125,002	64,088	60,914	95%
Share of associates and joint venture's profits less losses	213,374	137,882	75,492	55%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(1,482)	(3,031)	1,549	51%
Total profit before tax	336,894	198,939	137,955	69%

The Group reported a profit before tax of RM337 million in 3Q2015, representing an increase of 69% from RM199 million in 2Q2015.

Wilmar contributed higher profits of RM205 million in 3Q2015 compared with RM135 million in 2Q2015. Profit from the grains and agribusiness segment increased significantly to RM88 million in 3Q2015 due to favourable foreign exchange translation positions, favourable raw material price movements and improved profit margins in flour and feed divisions. The environmental engineering segment had higher progress billings in 3Q2015 whilst the property segment earned higher profit from project management fees income. Better results in the combined segment mainly from a gain on liquidation of a subsidiary was partially offset by lower dividend income received in 3Q2015.

The consumer products segment saw a lower profit in 3Q2015 whilst profit in 2Q2015 was higher due to pre-festival seasonal purchases by customers. The film exhibition segment recorded lower profit after the end of the summer blockbuster season in 2Q2015.

B3. Prospects for the current financial year

Bank Negara Malaysia reported that GDP growth in Malaysia for the third quarter had moderated to 4.7% from the 4.9% registered in the second quarter of 2015, and Malaysian economy is expected to expand between 4.5% to 5.5% in 2015. While domestic demand continues to support the growth, consumers remain cautious on their spending after implementation of the Goods and Services Tax and the effect of the weakening Ringgit, and this will continue to weigh on business sentiment.

Despite challenging times ahead, management is confident that the Group's consumer products, grains and agribusiness results will remain positive leveraging on their strong distribution channels and market shares. The cinema business will continue to deliver healthy performance from strong movie title releases and newly opened cinemas. The environmental engineering segment will achieve higher revenue in line with the construction progress of contracts in hand. Property sales will be slow in view of the soft property market sentiment.

The Group's operations are expected to perform well in 2015 while the consolidated financial results will also largely be supported by Wilmar's business performance for the year.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 30-Sep-15 RM'000	Cumulative Quarter 9 months ended 30-Sep-15 RM'000
Profit before tax is stated after crediting :		
Dividend income	2,445	7,243
Fair value gain on derivatives	12,707	52,759
Foreign exchange gain	36,931	61,533
Interest income	4,665	12,767
Income from short-term fund placements	4,180	11,958
Rental income	1,092	2,931
Gain on disposal of investment property	-	499
Gain on disposal of quoted shares	-	786
Gain on liquidation of a subsidiary	5,314	5,314
Gain on liquidation of an associate	44	44
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written-off	(660)	(1,002)
Depreciation and amortisation	(28,840)	(84,092)
Fair value loss on derivatives	12,503	(164)
Foreign exchange loss	(13,891)	(27,038)
Interest expense	(6,617)	(21,628)
Loss on disposal of investment property	-	(194)
Loss on liquidation of an associate	(6)	(6)
Loss on financial assets at fair value through profit or loss	(136)	(201)

B6. Tax expense

	Individual Quarter 3 months ended 30-Sep-15 RM'000	Cumulative Quarter 9 months ended 30-Sep-15 RM'000
Taxation comprises :		
Malaysian taxation		
Current	22,890	71,232
Deferred	4,838	1,349
	<u>27,728</u>	<u>72,581</u>
Foreign taxation		
Current	768	1,869
Deferred	2,255	3,736
	<u>30,751</u>	<u>78,186</u>
Underprovision in prior year		
Current	1,381	1,745
Deferred	1,763	1,763
	<u>33,895</u>	<u>81,694</u>

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 November 2015.

B8. Group borrowings

Total Group borrowings as at 30 September 2015 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	156,490	156,490	-
Hire purchase liabilities	15	15	-
Repayments due within the next 12 months	(26,655)	(26,655)	-
	<u>129,850</u>	<u>129,850</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	55,000	-	55,000
Bills payable (IDR)	25,149	-	25,149
Short-term loans	750	-	750
Short-term loans (USD)	166,751	-	166,751
Short-term loans (IDR)	165,741	-	165,741
Short-term loans (VND)	48,238	-	48,238
Current portion of long-term loans	26,646	26,646	-
Hire purchase liabilities	9	9	-
	<u>488,284</u>	<u>26,655</u>	<u>461,629</u>
Bank overdrafts	1,998	-	1,998
	<u>490,282</u>	<u>26,655</u>	<u>463,627</u>

B9. Material litigation

There was no material litigation as at 19 November 2015.

B10. Dividends

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

Dividends paid

Dividends paid for the financial year 2014 and up to the date of this report are as follows :

Financial Year	Type	Amount per share	Date paid
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-Sep-15 RM'000	As at 31-Dec-14 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	12,672,512	12,380,925
- Unrealised	(87,367)	(92,733)
	12,585,145	12,288,192
Total share of retained profits/(accumulated losses) from associates :		
- Realised	142,725	149,566
- Unrealised	(1,461)	(1,587)
- Wilmar International Limited ("Wilmar") *	4,902,600	4,620,617
Total share of retained profits from joint venture :		
- Realised	9,701	8,034
	17,638,710	17,064,822
Less : consolidation adjustments	(2,279,353)	(2,175,512)
Total Group retained profits as per consolidated accounts	15,359,357	14,889,310

* *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 November 2015

By Order of the Board
Mah Teck Keong
Company Secretary