

INVESTOR UPDATE

30 JUNE 2014



PPB GROUP BERHAD



2014



ND.

QUARTERLY REPORT

From The Desk Of The Chairman



Dear Shareholders,

We are pleased to report that PPB Group revenue grew by 16% to RM1.84 billion in the first half of 2014. The increase was mainly contributed by the flour and feed milling, and marketing and distribution of consumer products segments.

Group pre-tax profit of RM366 million was 25% lower compared with RM455 million for 1H2013, due mainly to lower profit contribution from our 18.3% associate, Wilmar International Limited (Wilmar).

Profit for the period was RM326 million in 1H2014 as compared to RM427 million recorded in 1H2013. Accordingly, 1H2014 earnings per share decreased to 26.20 sen compared with 35.08 sen for 1H2013.

INTERIM DIVIDEND

The Board of Directors has declared an interim single tier dividend of 7 sen per share for the financial year ending 31 December 2014, payable on 26 September 2014 to shareholders whose names appear in the Record of Depositors on 11 September 2014.

GOING FORWARD

PPB 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 PPB 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 this year.

From The Desk Of The Chairman (Cont'd)

HAPPENINGS

On 14 May 2014, Massimo's 'Chiffon in a Cup' cake range with two flavours, Classic and Mocha was launched to good reviews. "Massimo" is the brand name for the bakery products from Italian Baker Sdn Bhd, an 80% subsidiary of PPB.

PPB held its 45th Annual General Meeting at Shangri-La Hotel, Kuala Lumpur on 15 May 2014. At the meeting, shareholders were briefed on the Group's performance and financial results for the year ended 31 December 2013.

The French Film Festival 2014 was held at GSC International Screens in GSC Pavilion, Mid Valley and 1 Utama from 15 May to 1 June 2014 and moved north to GSC Gurney Plaza, Penang from 5 to 15 June 2014. GSC was the venue provider for the 14th time for this annual festival in which 12 French movies were screened.



CSR ACTIVITY

During the mid-year school holidays, Cheras Leisure Mall, a shopping complex owned and managed by PPB, organized a Dinosaur Sculpture Art Exhibition and children from Rumah Sayangan, Bodhi Homecare and San Pedro Orphanage were invited to a special tour of the exhibition. The Mall was again the official venue sponsor of the 14th Eagle Cup Judo Championship. The event which attracted 100 participants ages 6 to 21, created greater awareness of the sport to the community at large and enabled young participants to showcase their skills in a healthy sporting activity.

Golden Screen Cinemas Sdn Bhd, a wholly-owned subsidiary of PPB, held a free screening of the movie "The Journey" for senior citizens at all of its cinemas nationwide in conjunction with the Parents Day celebration on 3 June 2014.

More than 70 volunteers from PPB Group participated in a Volunteer Trail Day at the Kota Damansara Community Forest (KDCF) in Kota Damansara, Petaling Jaya on 29 June 2014. The volunteers helped to rake and clear the existing trails as well as build a new forest trail. The new trail in the KDCF is sponsored by PPB, and is about 2km long; it is strategically important as it will link the existing trails in KDCF, increasing the total trail length in KDCF to 10 km for trekking and mountain biking.

PPB organised several training workshops for employees' personal development as well as to keep abreast of the latest governance-related developments namely, "Charisma Presentation", "The Creative Mind", and "Enterprise Risk Management : Migrating to AS/NZS 31000 Standards". These workshops were held in 2Q2014.

Datuk Oh Siew Nam • CHAIRMAN

2 September 2014



“MASSIMO” CHIFFON IN A CUP

– Baked with love

On 14 May 2014, “Massimo” launched its new category of ‘Chiffon in a Cup’ cake range with two flavours, Classic and Mocha. “Massimo” is the brand name for the bakery products from Italian Baker Sdn Bhd, an 80% subsidiary of PPB. Made with quality ingredients such as fresh eggs, flour and milk, “Massimo” Chiffon in a Cup is soft and delicious. Both variants are retailed at RM1.00 each.

Happenings (Cont'd)

45th ANNUAL GENERAL MEETING



The 45th Annual General Meeting (“AGM”) of PPB Group Berhad was held on 15 May 2014 at the Shangri-La Hotel, Kuala Lumpur. At the AGM, members of the Board and management briefed shareholders on the Group’s performance and financial results for the year ended 31 December 2013, and dealt with questions arising therefrom. All the resolutions tabled at the AGM were passed by the shareholders present.

Happenings (Cont'd)



Happenings (Cont'd)



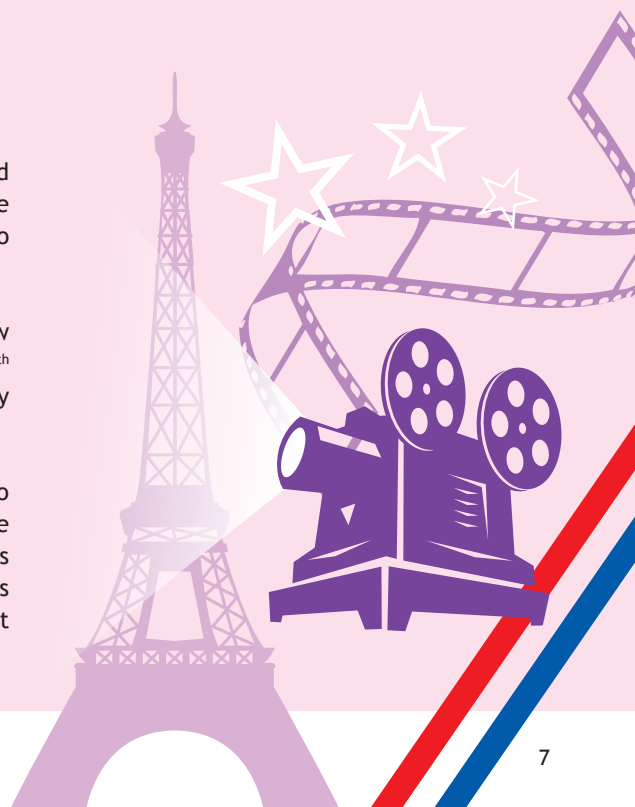
FRENCH FILM FESTIVAL 2014

▲ (L-R) Ms Koh Mei Lee (GSC Chief Executive), Y.Bhg Datuk Dr. Ong Hong Peng (Secretary General, Ministry of Tourism and Culture Malaysia), H.E. Madam Martine Dorance (Ambassador of France to Malaysia) & Mr Jean-Pierre Dumont (Director, Alliance Francaise Kuala Lumpur)

2014 marked the 14th consecutive year that the annual French Film Festival was held in GSC International Screens. This year, the film festival was held from May 15 - June 1 in the Klang Valley, GSC Pavilion KL, Mid Valley and 1 Utama, and moved north to GSC Gurney Plaza, Penang from June 5 - 15, 2014.

Golden Screen Cinemas Sdn Bhd, a 100% subsidiary of PPB, also unveiled the new logo and leader of GSC International Screens during the launch to mark the 15th year milestone since the debut of GSC International Screens in GSC Mid Valley in 1999.

GSC International Screens are the first of their kind in Malaysia dedicated to the screening of non-mainstream, art house and foreign language films. The audience profile of the GSC International Screens range from students to adults comprising the middle to upper income group, made up mostly of locals as well as expatriates. To date, GSC International Screens have carved a niche market amongst discerning viewers.



Happenings (Cont'd)



▲ (L-R) Mr Jean-Pierre Galland (Cooperation, Scientific & Cultural Counselor, French Embassy), Mr Terence Ong (Managing Director, Pernod Ricard Malaysia), Y.A.M. Tengku Zatashah binti Sultan Idris Shah (President, Alliance Francaise Kuala Lumpur), Y.Bhg Datuk Dr. Ong Hong Peng (Secretary General, Ministry of Tourism & Culture Malaysia), H.E. Madam Martine Dorance (Ambassador of France to Malaysia), Ms Koh Mei Lee (GSC CEO), Mr Kevin Lee (Regional Managing Director, Pernod Ricard Indonesia, Philippines & Malaysia) & Mr Jean-Pierre Dumont (Director, Alliance Francaise Kuala Lumpur)



CSR Activities

DINOSAUR SCULPTURE ART EXHIBITION

Cheras LeisureMall, a shopping mall owned and managed by PPB, organised a Dinosaur Sculpture Art Exhibition from 27 May to 15 June 2014 in conjunction with the mid-year school holidays.

50 children from Rumah Sayangan, Bodhi Homecare and San Pedro Orphanage Home were invited to a special tour of the exhibition on 3 June 2014. The tour started with a demonstration on volcanic eruptions followed by a fossil workshop and discovery game. The children participated in a Dinosaur Colouring Contest and won prizes.

Sushi King, a tenant in Cheras LeisureMall, organised a sushi making workshop and treated the children to a sumptuous bento lunch. The children were also entertained by a magic show and a dinosaur mascot. At the end of the outing, the children were presented goodie bags sponsored by the Mall.



CSR Activities (Cont'd)



14th EAGLE CUP JUDO CHAMPIONSHIP



The Eagle Cup Judo Championship is an annual event jointly organised by The Kuala Lumpur Judo Academy with Cheras LeisureMall for children ages 6 to 21. Cheras LeisureMall has been the official venue sponsor of this event for more than 11 consecutive years in support of the sport among school children.

This year more than 100 participants from local and international schools and Judo Clubs in the Klang Valley participated in the championship. There were 3 categories, viz the Primary School Overall Championship, Secondary School Overall Championship and Open Championship.

Participants, their families and curious shoppers enjoyed the event which brought greater awareness of the sport to the community in addition to enabling young participants to showcase their skills in a healthy sporting activity.

CSR Activities (Cont'd)



FREE SCREENING FOR SENIOR CITIZENS ON PARENTS DAY



Golden Screen Cinemas Sdn Bhd, a 100% subsidiary of PPB, held a free screening of the movie **"The Journey"** for senior citizens at all of its cinemas nationwide in conjunction with the Parents Day celebration on 3 June 2014. Cast members of the movie also made a special appearance at GSC 1Utama and GSC Paradigm Mall at the screenings.



CSR Activities (Cont'd)



PPB BUILDS A NEW FOREST TRAIL IN KOTA DAMANSARA COMMUNITY FOREST (KDCF)

It was good weather, bright and haze-free on a Sunday morning of 29 June 2014 when 79 volunteers from PPB Group participated in a Volunteer Trail Day at Kota Damansara Community Forest (KDCF) located in Section 10/1 of Kota Damansara.

All were punctual just after 8 am, a group picture was taken with all looking fresh and set for work! Justine Vaz, the president of KDCF, gave a short briefing and divided all the volunteers into 3 large groups - two were assigned to rake the Harmoni, Temuan and Sahabat trails whilst the 3rd group was given the opportunity to take on the toughest task to build the new forest trail sponsored by PPB.



CSR Activities (Cont'd)



The new forest trail sponsored by PPB is about 2km long and is strategically important as it links the existing trails in KDCF making the total trail length in KDCF to 10km fit for trekking and mountain biking.

After working on the trail, everyone was treated to a good lunch at the meet point of KDCF. The trail work was tiring for some but to others, it was “easy-peasy”!

Ms Koh Mei Lee, Senior Manager (Corporate Affairs) of PPB, in her speech thanked all who came for the Volunteer Trail Day viz KDCF; Forestry Dept; Trail Association of Selangor and Kuala Lumpur (TRAKS); Image Clinic, the advertising agency who designed the t-shirts and banner; and not forgetting staff and family members from PPB, GSC Group, Chemquest group and FFM group.



TRAINING WORKSHOPS FOR PPB GROUP EMPLOYEES

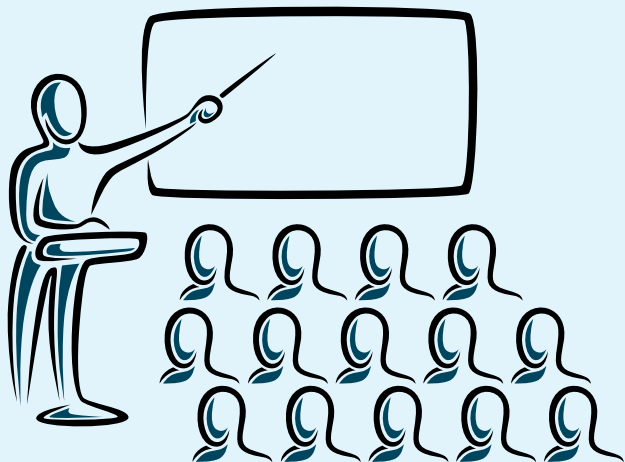


In the 2nd Quarter of 2014, PPB organised several training workshops for its employees for their personal development as well as to keep abreast of governance-related developments.

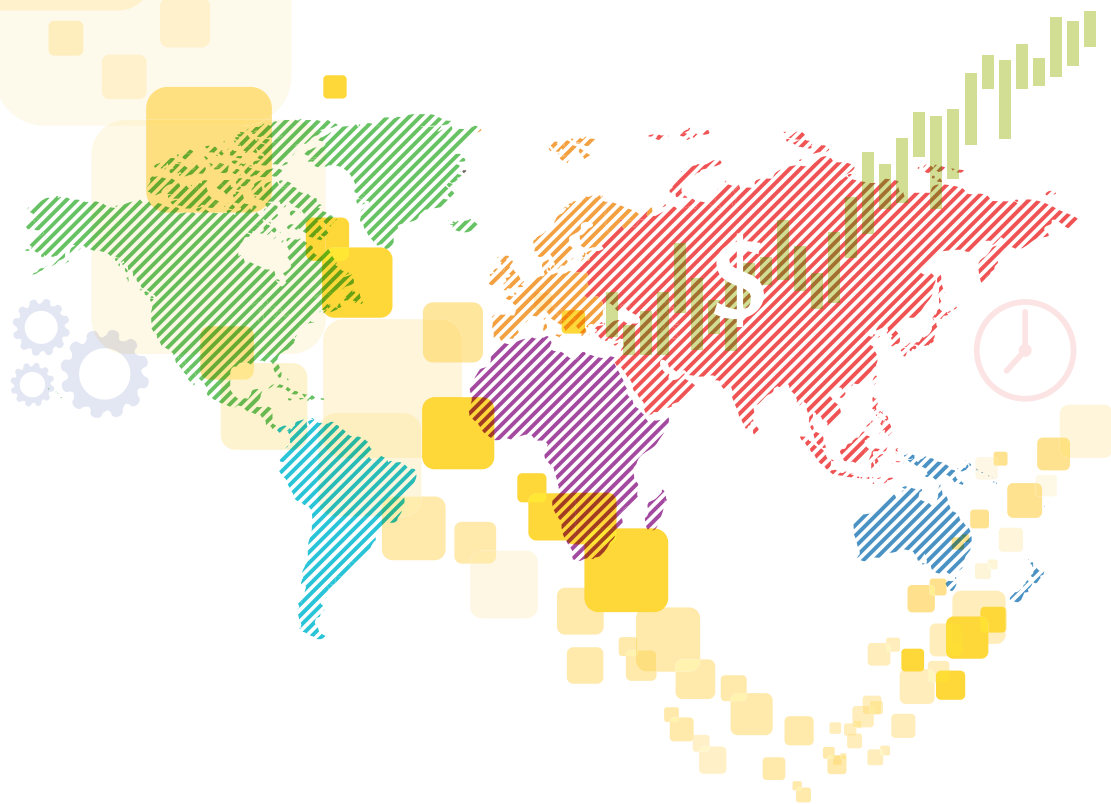
“Charisma Presentation” workshop facilitated by Richard La Faber of Plaseed Training & Consulting, was a follow-up of the same workshop held last year to train PPB managers and senior executives in the area of public speaking.

The workshop on “The Creative Mind” facilitated by Tuan Haji Tajodin b Haji Sanusi of ST Management Consultancy exposed PPB staff to the various techniques in creative thinking and problem solving.

Mr Lee Min On of KPMG Management & Risk Consulting facilitated a 2-day awareness workshop entitled “Enterprise Risk Management : Migrating to AS/NZS 31000 Standards” which covered an overview of risk management, the framework and process, key risk indicators, red flags on fraud risk, risk treatment options, case studies etc. The workshop was attended by 130 participants from PPB Group.



Share Analysis



FBM KLCI

Touched a Record Closing High in 2Q 2014

After declining by 1.0% in 1Q 2014, the FBM KLCI rebounded in 2Q 2014 to register a gain of 1.8% and close at 1,882.7 points. Commencing the quarter at 1,849.2 points as at end March 2014, the FBM KLCI rose to a record high of 1,892.3 points on 24 June 2014 amid continued buying support towards the end of the second quarter. However, profit-taking activities caused the FBM KLCI to pare down its gains and close at 1,882.7 points.

[Source : Public Mutual website]

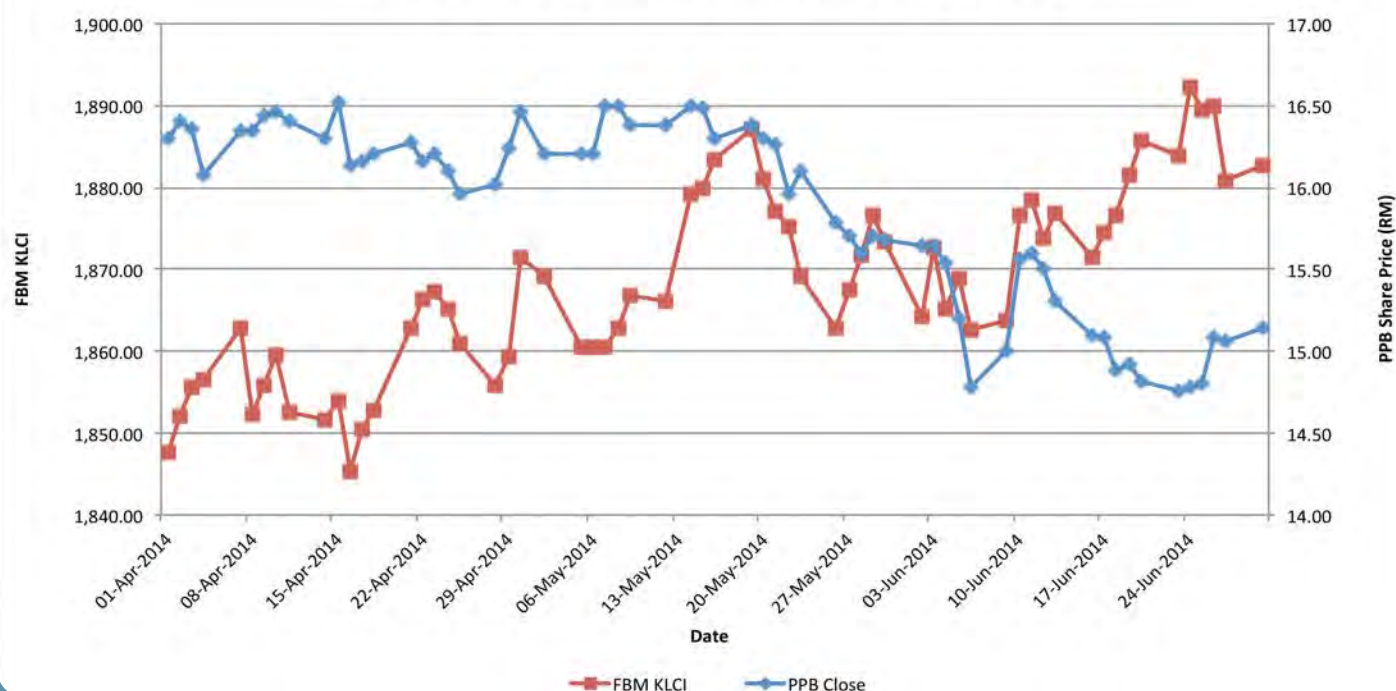
PPB's share price closed lower at RM15.14 compared with RM16.62 in the preceding quarter and market capitalisation decreased to RM17,948 million. The average daily volume of PPB shares traded decreased by 0.52% to 433,663 shares.

Share Analysis (Cont'd)

PPB SHARE PRICE & FTSE BURSA MALAYSIA KUALA LUMPUR COMPOSITE INDEX (FBM KLCI) PERFORMANCE FOR 2ND Q 2014

| | 2nd Q 2014 | 1st Q 2014 | % change |
|-------------------------------------|-------------|-------------|----------|
| PPB share price (RM) | | | |
| Closing price (high) | 16.52 | 16.68 | -0.96% |
| Closing price (low) | 14.76 | 15.06 | -1.99% |
| Month end closing price | 15.14 | 16.62 | -8.90% |
| Weighted share price | 15.86 | 15.94 | -0.51% |
| Market capitalization (RM' million) | 17,948.47 | 19,703.01 | -8.90% |
| PPB share volume | | | |
| Daily volume (high) | 1,236,200 | 1,260,000 | -1.89% |
| Daily volume (low) | 43,600 | 71,900 | -39.36% |
| Average daily volume | 433,663 | 435,941 | -0.52% |
| FBM KLCI | | | |
| FBM KLCI closing (high) | 1,892.33 | 1,852.95 | 2.13% |
| FBM KLCI closing (low) | 1,845.37 | 1,778.83 | 3.74% |
| FBM KLCI quarter end closing | 1,882.71 | 1,849.21 | 1.81% |
| FBM KLCI volume | | | |
| Daily Volume (high) | 477,552,300 | 238,355,500 | >100% |
| Daily Volume (low) | 50,634,500 | 66,306,000 | -23.64% |
| Average Daily Volume | 127,433,027 | 132,376,478 | -3.73% |

FBM KLCI & PPB SHARE PRICE FOR 2ND Q 2014



Group Financial Highlights

FOR THE 2ND QUARTER OF 2014
(The figures have not been audited)

| Financial period / year ended (All figures in RM million) | 6 months | | % change | 12 months |
|--|----------|---------|----------|-----------|
| | 30.06.14 | 30.6.13 | | 31.12.13 |
| | | | | |
| INCOME STATEMENT | | | | |
| Revenue | 1,840 | 1,582 | 16.3 | 3,313 |
| Profit before tax | 366 | 455 | (19.6) | 1,063 |
| Profit for the period/year | 326 | 427 | (23.7) | 991 |
| Profit attributable to owners of the parent | 311 | 416 | (25.2) | 983 |
| STATEMENT OF FINANCIAL POSITION | | | | |
| Non-current assets | 14,600 | 13,977 | 4.5 | 14,851 |
| Current assets | | | | |
| Cash, bank balances, deposits and short-term fund placements | 1,045 | 1,032 | 1.3 | 965 |
| Others | 1,411 | 1,220 | 15.7 | 1,249 |
| Total current assets | 2,456 | 2,252 | 9.1 | 2,214 |
| Total assets | 17,056 | 16,229 | 5.1 | 17,065 |
| Equity | | | | |
| Share capital | 1,186 | 1,186 | 0.0 | 1,186 |
| Reserves | 14,275 | 13,642 | 4.6 | 14,467 |
| Equity attributable to owners of the parent | 15,461 | 14,828 | 4.3 | 15,653 |
| Non-controlling interests | 546 | 545 | 0.2 | 539 |
| Total equity | 16,007 | 15,373 | 4.1 | 16,192 |
| Non-current liabilities | | | | |
| Bank borrowings | 62 | 93 | (33.3) | 89 |
| Deferred tax liabilities | 79 | 73 | 8.2 | 80 |
| Total non-current liabilities | 141 | 166 | (15.1) | 169 |
| Current liabilities | | | | |
| Bank borrowings | 484 | 342 | 41.5 | 330 |
| Others | 424 | 348 | 21.8 | 374 |
| Total current liabilities | 908 | 690 | 31.6 | 704 |
| Total liabilities | 1,049 | 856 | 22.5 | 873 |
| Total equity and liabilities | 17,056 | 16,229 | 5.1 | 17,065 |

Group Financial Highlights (Cont'd)

FOR THE 2ND QUARTER OF 2014
(The figures have not been audited)

| Financial period / year ended | | 6 months | | 12 months |
|---|--------------|----------|---------|-----------|
| | | 30.6.14 | 30.6.13 | 31.12.13 |
| RATIOS | | | | |
| Return on equity attributable to owners of the parent | (%) | 2.0 | 2.8 | 6.3 |
| Earnings per share | (sen) | 26.2 | 35.1 | 82.9 |
| Interest coverage | (times) | 34.3 | 76.8 | 76.9 |
| Current ratio | (times) | 2.7 | 3.3 | 3.1 |
| Total borrowings/Equity | (%) | 3.4 | 2.8 | 2.6 |
| Long-term borrowings/Equity | (%) | 0.4 | 0.6 | 0.6 |
| Net assets per share attributable to owners of the parent | (RM) | 13.0 | 12.5 | 13.2 |
| Net dividend per share | (sen) | 7.0 | 8.0 | 25.0 |
| STOCK MARKET INFORMATION | | | | |
| Share price | (RM) | 15.14 | 14.16 | 16.14 |
| Market capitalisation | (RM million) | 17,956 | 16,794 | 19,142 |
| PE ratio | (times) | 28.9 | 20.2 | 19.5 |

Announcements

APRIL

23

PPB announced the issue of the Notice of 45th Annual General Meeting (“AGM”) dated 24 April 2014.

24

Issue of PPB’s 2013 Annual Report.

24

Issue of the Circular to Shareholders dated 24 April 2014 in relation to the proposed shareholders’ mandate for recurrent related party transactions, and the proposed authority for PPB to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital.

MAY

15

PPB announced that all the resolutions tabled at the 45th AGM of the Company held on 15 May 2014 were passed by the shareholders of the Company.

21

Release of PPB’s quarterly report for the 1st quarter ended 31 March 2014.

21

PPB announced the amount of financial assistance provided by subsidiaries of PPB for the quarter ended 31 March 2014.

ANNOUNCEMENTS

Quarterly Report

Condensed Consolidated Income Statements For The Period Ended 30 June 2014
(The figures have not been audited)

| | Individual Quarter 3 months ended 30 June | | Cumulative Quarter 6 months ended 30 June | |
|--|---|----------------|---|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 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 | 170,651 | 185,003 | 325,511 | 427,437 |
| 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 | 170,651 | 185,003 | 325,511 | 427,437 |
| Basic earnings per share (sen) | 14.03 | 15.14 | 26.20 | 35.08 |

(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.)

Quarterly Report

Condensed Consolidated Statement Of Comprehensive Income
For The Period Ended 30 June 2014

| | Individual Quarter 3 months ended 30 June | | Cumulative Quarter 3 months ended 30 June | |
|--|---|----------------|---|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Profit for the period | 170,651 | 185,003 | 325,511 | 427,437 |
| Other comprehensive income/(loss), net of tax | | | | |
| Items that will be subsequently reclassified to profit or loss | | | | |
| 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) |
| Total comprehensive (loss)/income | (44,665) | 348,736 | 17,902 | 727,343 |
| Attributable to : | | | | |
| Owners of the parent | (44,086) | 340,017 | 8,572 | 710,710 |
| Non-controlling interests | (579) | 8,719 | 9,330 | 16,633 |
| Total comprehensive (loss)/income | (44,665) | 348,736 | 17,902 | 727,343 |

(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.)

Quarterly Report

Condensed Consolidated Statement Of Financial Position

| | As at 30-Jun-14 RM'000 | As at 31-Dec-13 RM'000 |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Non-current Assets | | |
| 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> |
| Current Assets | | |
| 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> |
| TOTAL ASSETS | <u>17,055,606</u> | <u>17,065,430</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1,185,500 | 1,185,500 |
| Reserves | 14,274,817 | 14,467,780 |
| Equity attributable to owners of the parent | 15,460,317 | 15,653,280 |
| Non-controlling interests | 546,337 | 538,617 |
| Total equity | <u>16,006,654</u> | <u>16,191,897</u> |

Quarterly Report

Condensed Consolidated Statement Of Financial Position (Cont'd)

| | As at 30-Jun-14 RM'000 | As at 31-Dec-13 RM'000 |
|--|------------------------------|------------------------------|
| Non-current Liabilities | | |
| Long-term borrowings | 62,112 | 89,698 |
| Deferred tax liabilities | 79,267 | 79,984 |
| | <u>141,379</u> | <u>169,682</u> |
| Current Liabilities | | |
| 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> |
| Total liabilities | <u>1,048,952</u> | <u>873,533</u> |
| TOTAL EQUITY AND LIABILITIES | <u>17,055,606</u> | <u>17,065,430</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.)

Quarterly Report

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 | | | |
| 6 months ended 30 June 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 | — | — | — | (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 |
| 6 months ended 30 June 2013 | | | | | | | | | | | |
| 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.)

Quarterly Report

Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 June 2014

| | 6 months ended 30 June | |
|---|---------------------------|------------------|
| | 2014 RM'000 | 2013 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 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) |
| Net cash generated from operating activities | 128,383 | 19,386 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| Net cash generated from investing activities | 30,655 | 31,315 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 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 |
| Net cash used in financing activities | (79,389) | (72,570) |
| Net increase/(decrease) in cash and cash equivalents | 79,649 | (21,869) |
| Cash and cash equivalents brought forward | 964,252 | 1,049,694 |
| Effect of exchange rate changes | (1,225) | 2,356 |
| Cash and cash equivalents carried forward | 1,042,676 | 1,030,181 |
| Cash and cash equivalents represented by :- | | |
| 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.)

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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 |
|--|---|---|
| Dividend paid on ordinary shares | | |
| FY2013 : Final dividend - 17 sen per share single tier | 201,535 | 201,535 |

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Notes (Cont'd)

A7. Segmental reporting

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

| Business Segments: All figures in RM'000 | Flour and feed milling, and grains trading | Marketing, distribution and 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 |
|--|--|--|-------------------------------------|---|---|---|----------------------|----------------------------|---------------------|-------------|------------|
| REVENUE | | | | | | | | | | | |
| 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 | 1,162,299 | 224,144 | 185,427 | 53,273 | 48,455 | 56,949 | 61,933 | 6,611 | 120,474 | (79,736) | 1,839,829 |
| RESULTS | | | | | | | | | | | |
| 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 | | | | | | | | | | | 365,951 |
| ASSETS | | | | | | | | | | | |
| 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 | | | | | | | | | | | 17,055,606 |

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 |
| | 299,187 |
| Other capital commitments | |
| - contracted | 43,034 |
| | 342,221 |

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Notes (Cont'd)

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 |
| 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 services fees paid and payable | 922 |
| - Charter hire of vessels | 34,870 |

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 | % |
| <u>Revenue</u> | | | | |
| - 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) | |
| Total revenue | 956,644 | 818,489 | 138,155 | 17% |

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Notes (Cont'd)

| | 1H2014 | 1H2013 | Variance | |
|--|-----------|-----------|----------|-----|
| | RM'000 | RM'000 | RM'000 | % |
| <u>Revenue</u> | | | | |
| - 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) | |
| Total Revenue | 1,839,829 | 1,582,335 | 257,494 | 16% |

| | 2Q2014 | 2Q2013 | Variance | |
|---|---------|---------|----------|---------|
| | RM'000 | RM'000 | RM'000 | % |
| <u>Segment results</u> | | | | |
| - 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% |
| Total segment results | 91,550 | 74,464 | 17,086 | 23% |
| - 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%) |
| Total profit before tax | 192,243 | 198,852 | (6,609) | (3%) |

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| | 1H2014 | 1H2013 | Variance | |
|---|---------|---------|-----------|-------|
| | RM'000 | RM'000 | RM'000 | % |
| Segment results | | | | |
| - 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%) |
| Total segment results | 167,150 | 140,534 | 26,616 | 19% |
| - 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%) |
| Total profit before tax | 365,951 | 455,168 | (89,217) | (20%) |

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.

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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.

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

| | 2Q2014 RM'000 | 1Q2014 RM'000 | Variance RM'000 | % |
|---|------------------|------------------|--------------------|-------|
| <u>Segment results</u> | | | | |
| - 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% |
| Total segment results | 91,550 | 75,600 | 15,950 | 21% |
| - 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%) |
| Total profit before tax | 192,243 | 173,708 | 18,535 | 11% |

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.

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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 | (139) | 133 |
| 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 | (6,210) | (11,209) |

B6. Taxation

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

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

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Notes (Cont'd)

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) | — |
| | 62,112 | 62,112 | — |
| 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 | — |
| | 482,208 | 29,533 | 452,675 |
| Bank overdrafts | 1,788 | — | 1,788 |
| | 483,996 | 29,533 | 454,463 |

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 :-

- Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 11 September 2014 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.

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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) |
| | 12,220,537 | 12,130,664 |
| 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 |
| | 16,520,630 | 16,400,538 |
| Less : consolidation adjustments | (2,162,438) | (2,149,157) |
| Total Group retained profits as per consolidated accounts | 14,358,192 | 14,251,381 |

* 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

REGISTERED OFFICE:

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