

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2013**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 31 March 2013**

|  | Individual Quarter |                | Cumulative Quarter |                |
|--|--------------------|----------------|--------------------|----------------|
|  | 3 months ended     |                | 3 months ended     |                |
|  | 31 March           |                | 31 March           |                |
|  | 2013               | 2012           | 2013               | 2012           |
|  | RM'000             | RM'000         | RM'000             | RM'000         |
| Revenue  | 763,846            | 696,955        | 763,846            | 696,955        |
| Operating expenses                             | (738,577)          | (673,496)      | (738,577)          | (673,496)      |
| Other operating income                         | 41,678             | 36,228         | 41,678             | 36,228         |
| Share of net profits less losses of associates | 191,223            | 141,642        | 191,223            | 141,642        |
| Share of profit of jointly controlled entity   | 826                | 865            | 826                | 865            |
| Finance costs                                  | (2,680)            | (2,540)        | (2,680)            | (2,540)        |
| Profit before tax                              | 256,316            | 199,654        | 256,316            | 199,654        |
| Income tax expense                             | (13,882)           | (13,467)       | (13,882)           | (13,467)       |
| Profit for the period                          | <u>242,434</u>     | <u>186,187</u> | <u>242,434</u>     | <u>186,187</u> |
| Attributable to :                              |                    |                |                    |                |
| Owners of the parent                           | 236,343            | 178,504        | 236,343            | 178,504        |
| Non-controlling interests                      | 6,091              | 7,683          | 6,091              | 7,683          |
| Profit for the period                          | <u>242,434</u>     | <u>186,187</u> | <u>242,434</u>     | <u>186,187</u> |
| Basic earnings per share (sen)                 | <u>19.94</u>       | <u>15.06</u>   | <u>19.94</u>       | <u>15.06</u>   |

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Statement Of Comprehensive Income**  
**For The Period Ended 31 March 2013**

|  | <b>Individual Quarter</b> |                  | <b>Cumulative Quarter</b> |                  |
|--|---------------------------|------------------|---------------------------|------------------|
|  | <b>3 months ended</b>     |                  | <b>3 months ended</b>     |                  |
|  | <b>31 March</b>           |                  | <b>31 March</b>           |                  |
|  | <b>2013</b>               | <b>2012</b>      | <b>2013</b>               | <b>2012</b>      |
|  | RM'000                    | RM'000           | RM'000                    | RM'000           |
| Profit for the period  | 242,434                   | 186,187          | 242,434                   | 186,187          |
| <u>Other comprehensive income/(loss), net of tax</u>           |                           |                  |                           |                  |
| Exchange differences on translation of foreign operations      | 105,999                   | (364,127)        | 105,999                   | (364,127)        |
| Fair value of available-for-sale financial assets :-           |                           |                  |                           |                  |
| - Gains arising during the period                              | 27,895                    | 105,122          | 27,895                    | 105,122          |
| - Reclassification adjustments to profit or loss upon disposal | (15,648)                  | (67)             | (15,648)                  | (67)             |
| Share of associates' other comprehensive income/(loss)         | 17,927                    | (50,048)         | 17,927                    | (50,048)         |
| Total comprehensive income/(loss)                              | <u>378,607</u>            | <u>(122,933)</u> | <u>378,607</u>            | <u>(122,933)</u> |
| Attributable to :  |                           |                  |                           |                  |
| Owners of the parent   | 370,693                   | (126,595)        | 370,693                   | (126,595)        |
| Non-controlling interests                                      | 7,914                     | 3,662            | 7,914                     | 3,662            |
| Total comprehensive income/(loss)                              | <u>378,607</u>            | <u>(122,933)</u> | <u>378,607</u>            | <u>(122,933)</u> |

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2012, and the accompanying explanatory notes attached to this report.)**

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

|  | As at<br>31-Mar-13<br>RM'000 | As at<br>31-Dec-12<br>RM'000 |
|--|------------------------------|------------------------------|
| <b>ASSETS</b>                                  |                              |                              |
| <b>Non-current Assets</b>                      |                              |                              |
| Property, plant and equipment                  | 1,117,358                    | 1,095,882                    |
| Investment properties                          | 221,436                      | 222,224                      |
| Biological assets                              | 2,768                        | 2,760                        |
| Goodwill                                       | 74,615                       | 74,615                       |
| Other intangible assets                        | 2,074                        | 2,026                        |
| Land held for property development             | 14,708                       | 13,732                       |
| Investments in associates                      | 11,620,140                   | 11,293,797                   |
| Investment in jointly controlled entity        | 51,531                       | 51,728                       |
| Other investments                              | 624,475                      | 617,709                      |
| Deferred tax assets                            | 6,171                        | 5,918                        |
|  | <u>13,735,276</u>            | <u>13,380,391</u>            |
| <b>Current Assets</b>                          |                              |                              |
| Inventories                                    | 473,778                      | 476,227                      |
| Biological assets                              | 15,138                       | 14,268                       |
| Other intangible assets                        | 8,167                        | 11,636                       |
| Property development costs                     | 30,471                       | 29,338                       |
| Receivables                                    | 571,094                      | 601,201                      |
| Derivative financial instruments               | 2,260                        | 7,195                        |
| Cash, bank balances and deposits               | 1,031,649                    | 1,050,084                    |
|  | <u>2,132,557</u>             | <u>2,189,949</u>             |
| Non-current assets classified as held for sale | 9,009                        | 9,009                        |
|  | <u>2,141,566</u>             | <u>2,198,958</u>             |
| <b>TOTAL ASSETS</b>                            | <u><u>15,876,842</u></u>     | <u><u>15,579,349</u></u>     |
| <b>EQUITY AND LIABILITIES</b>                  |                              |                              |
| <b>Equity</b>                                  |                              |                              |
| Share capital                                  | 1,185,500                    | 1,185,500                    |
| Reserves                                       | 13,456,568                   | 13,085,875                   |
| Equity attributable to owners of the parent    | <u>14,642,068</u>            | <u>14,271,375</u>            |
| Non-controlling interests                      | 512,842                      | 493,996                      |
| <b>Total equity</b>                            | <u><u>15,154,910</u></u>     | <u><u>14,765,371</u></u>     |

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

|  | <b>As at<br/>31-Mar-13<br/>RM'000</b> | <b>As at<br/>31-Dec-12<br/>RM'000</b> |
|--|---------------------------------------|---------------------------------------|
| <b>Non-current Liabilities</b>                                 |                                       |                                       |
| Long term borrowings   | 88,400                                | 85,224                                |
| Deferred tax liabilities                                       | 73,416                                | 70,923                                |
|  | <u>161,816</u>                        | <u>156,147</u>                        |
| <b>Current Liabilities</b>                                     |                                       |                                       |
| Payables   | 316,636                               | 319,566                               |
| Derivative financial instruments                               | 10,286                                | 35,475                                |
| Short term borrowings  | 217,594                               | 288,610                               |
| Taxation   | 15,600                                | 14,180                                |
|  | <u>560,116</u>                        | <u>657,831</u>                        |
| <b>Total liabilities</b>                                       | <u>721,932</u>                        | <u>813,978</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | <u><u>15,876,842</u></u>              | <u><u>15,579,349</u></u>              |
| Net assets per share attributable to owners of the parent (RM) | <u>12.35</u>                          | <u>12.04</u>                          |

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2012, 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 31 March 2013**

**3 months ended 31 March 2013**

At 1 January 2013  
 Total comprehensive income  
 Transfer of reserves  
 Issue of shares to non-controlling interests  
 At 31 March 2013

|                  | 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 |   |                                  |                     |
| 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                       |                     |
| -                | -                    | -                    | 103,981                    | 12,219                              | 4,463                     | 13,687               | 236,343                | 370,693                  | 7,914                                       | 378,607                          |                     |
| -                | -                    | (1,953)              | -                          | -                                   | -                         | 1,175                | 778                    | -                        | -   | -                                |                     |
| -                | -                    | -                    | -                          | -                                   | -                         | -                    | -                      | -                        | 10,932                                      | 10,932                           |                     |
| <b>1,185,500</b> | <b>6,715</b>         | <b>58,579</b>        | <b>(848,557)</b>           | <b>210,411</b>                      | <b>40,507</b>             | <b>263,826</b>       | <b>13,725,087</b>      | <b>14,642,068</b>        | <b>512,842</b>                              | <b>15,154,910</b>                |                     |
| 1,185,500        | 6,715                | 60,942               | (630,158)                  | 166,319                             | 32,041                    | 328,878              | 12,911,374             | 14,061,611               | 503,515                                     | 14,565,126                       |                     |
| -                | -                    | -                    | (306,243)                  | 105,043                             | (34,104)                  | (69,795)             | 178,504                | (126,595)                | 3,662                                       | (122,933)                        |                     |
| -                | -                    | (68)                 | -                          | -                                   | -                         | (2,304)              | 2,372                  | -                        | -   | -                                |                     |
| -                | -                    | -                    | -                          | -                                   | -                         | -                    | (25,143)               | (25,143)                 | (7,068)                                     | (32,211)                         |                     |
| <b>1,185,500</b> | <b>6,715</b>         | <b>60,874</b>        | <b>(936,401)</b>           | <b>271,362</b>                      | <b>(2,063)</b>            | <b>256,779</b>       | <b>13,067,107</b>      | <b>13,909,873</b>        | <b>500,109</b>                              | <b>14,409,982</b>                |                     |

**3 months ended 31 March 2012**

At 1 January 2012  
 Total comprehensive income  
 Transfer of reserves  
 Acquisition of additional shares in an existing subsidiary  
 At 31 March 2012

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2012, and the accompanying explanatory notes attached to this report.)

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Statement Of Cash Flows**  
**For The Period Ended 31 March 2013**

**Final**

|  | <b>3 months ended 31 March</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2013</b>                    | <b>2012</b>      |
|  | <b>RM'000</b>                  | <b>RM'000</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                |                  |
| Profit before tax  | 256,316                        | 199,654          |
| Adjustments :-   |                                |                  |
| Non-cash items   | (195,947)                      | (128,723)        |
| Non-operating items  | (5,068)                        | (6,201)          |
| Operating profit before working capital changes  | 55,301                         | 64,730           |
| Working capital changes :-   |                                |                  |
| Net change in current assets   | 30,512                         | 34,618           |
| Net change in current liabilities  | (5,242)                        | (14,133)         |
| Cash generated from operations   | 80,571                         | 85,215           |
| Tax paid   | (14,167)                       | (7,749)          |
| <b>Net cash generated from operating activities</b>  | <b>66,404</b>                  | <b>77,466</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                |                  |
| Purchase of property, plant and equipment, investment properties,<br>biological assets and other intangible assets | (41,940)                       | (30,568)         |
| Proceeds from disposal of property, plant and equipment and<br>investment properties                               | 414                            | 622              |
| Purchase of investments  | (31,320)                       | (54,390)         |
| Proceeds from sale of investments  | 21,273                         | 1,747            |
| Dividends received   | 17,217                         | 596              |
| Interest received  | 7,637                          | 7,544            |
| Other investing activities   | 2,300                          | (528)            |
| <b>Net cash used in investing activities</b>   | <b>(24,419)</b>                | <b>(74,977)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                |                  |
| Proceeds from issue of shares by a subsidiary  | 10,932                         | -                |
| Bank borrowings  | (68,345)                       | (94,807)         |
| Interest paid  | (3,980)                        | (3,855)          |
| Other financing activities   | 162                            | 387              |
| <b>Net cash used in financing activities</b>   | <b>(61,231)</b>                | <b>(98,275)</b>  |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(19,246)</b>                | <b>(95,786)</b>  |
| Cash and cash equivalents brought forward  | 1,049,694                      | 1,132,923        |
| Effect of exchange rate changes  | 466                            | (2,038)          |
| <b>Cash and cash equivalents carried forward</b>   | <b>1,030,914</b>               | <b>1,035,099</b> |
| <u>Cash and cash equivalents represented by :-</u>   |                                |                  |
| Cash and bank balances   | 145,887                        | 110,930          |
| Bank deposits  | 885,762                        | 925,348          |
| Bank overdrafts  | (735)                          | (1,179)          |
|  | 1,030,914                      | 1,035,099        |

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2012, 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 2012 except for the adoption of the following new/revised FRSs, Amendments to FRSs and Improvements to FRSs that are effective for financial periods beginning on or after 1 March 2012, 1 July 2012 or 1 January 2013 :-

|  |  |
|--|--|
| FRS 10   | Consolidated Financial Statements  |
| FRS 11   | Joint Arrangements   |
| FRS 12   | Disclosures of Interests in Other Entities   |
| FRS 13   | Fair Value Measurement   |
| FRS 119  | Employee Benefits (revised)  |
| FRS 127  | Separate Financial Statements  |
| FRS 128  | Investment in Associates and Joint Ventures  |
| Amendments to FRS 7                                  | Disclosures - Offsetting Financial Assets and Financial Liabilities  |
| Amendments to FRS 7                                  | Mandatory Effective Date of MFRS 9 and Transition Disclosures  |
| Amendments to FRS 9                                  | Mandatory Effective Date of MFRS 9 and Transition Disclosures  |
| Amendments to FRS 10, FRS 11 and FRS 12              | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| Amendments to FRS 101<br>Improvements to FRSs (2012) | Presentation of Items of Other Comprehensive Income  |

The adoption of the above new/revised FRSs, Amendments to FRSs and Improvements to FRSs does not have any significant financial impact on the Group.

**Malaysian Financial Reporting Standards ("MFRS")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB-approved accounting framework, the MFRS.

The MFRS framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 - Agriculture and IC Interpretation 15 - Agreements for Construction of Real Estate, including the entities' parent, significant investor and venturer (herein referred to as "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS framework and continue to use the existing FRS framework. The adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework to 1 January 2014. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2014.

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

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

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

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current 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**

There was no dividend paid during the financial period under review.



## A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 31 March 2013

|   | Flour and<br>feed<br>milling,<br>and grains<br>trading | Marketing,<br>distribution &<br>manufacturing<br>of consumer<br>products | Film<br>exhibition<br>and<br>distribution | Environmental<br>engineering,<br>waste<br>management<br>and utilities | Property<br>investment<br>and<br>development | Chemicals<br>trading<br>and<br>manufacturing | Livestock<br>farming | Investments<br>in equities | Other<br>operations | Elimination | Total      |
|---|--|--|---|---|--|--|----------------------|----------------------------|---------------------|-------------|------------|
| <b>Business Segments:</b><br><i>All figures in RM'000</i> |  |  |   |   |  |  |                      |                            |                     |             |            |
| <b>REVENUE</b>  |  |  |   |   |  |  |                      |                            |                     |             |            |
| External revenue  | 462,142  | 95,140   | 80,150                                    | 23,419  | 10,582                                       | 20,856                                       | 20,062               | 19                         | 51,476              | -           | 763,846    |
| Inter-segment sales                                       | 24,791   | -  | -   | -   | 213  | 6,413  | -                    | -                          | 3,703               | (35,120)    | -          |
| Total revenue   | 486,933  | 95,140   | 80,150                                    | 23,419  | 10,795                                       | 27,269                                       | 20,062               | 19                         | 55,179              | (35,120)    | 763,846    |
| <b>RESULTS</b>  |  |  |   |   |  |  |                      |                            |                     |             |            |
| Segment results   | 31,229   | 4,714  | 11,282                                    | 623   | 4,881  | 807  | (4,703)              | 15,818                     | 1,549               | (130)       | 66,070     |
| Share of associates' profits less losses                  | 4,842  | -  | 166                                       | 813   | 1,411  | -  | -                    | -                          | 183,991             | -           | 191,223    |
| Share of joint venture's profit                           | -  | -  | -   | 826   | -  | -  | -                    | -                          | -                   | -           | 826        |
| Interest income   |  |  |   |   |  |  |                      |                            |                     |             | 6,879      |
| Finance costs   |  |  |   |   |  |  |                      |                            |                     |             | (2,680)    |
| Unallocated corporate expenses                            |  |  |   |   |  |  |                      |                            |                     |             | (6,002)    |
| Profit before tax   |  |  |   |   |  |  |                      |                            |                     |             | 256,316    |
| <b>ASSETS</b>   |  |  |   |   |  |  |                      |                            |                     |             |            |
| Segment assets  | 1,317,416  | 198,871  | 249,063                                   | 53,262  | 306,914                                      | 52,268                                       | 111,224              | 623,340                    | 363,160             | (60)        | 3,275,458  |
| Investments in associates                                 | 217,186  | -  | 3,994                                     | 34,551  | 117,326                                      | -  | -                    | -                          | 11,247,083          | -           | 11,620,140 |
| Investment in jointly controlled entity                   | -  | -  | -   | 51,531  | -  | -  | -                    | -                          | -                   | -           | 51,531     |
| Bank deposits   |  |  |   |   |  |  |                      |                            |                     |             | 885,762    |
| Taxation  |  |  |   |   |  |  |                      |                            |                     |             | 31,318     |
| Other unallocated corporate assets                        |  |  |   |   |  |  |                      |                            |                     |             | 12,633     |
| Total assets  |  |  |   |   |  |  |                      |                            |                     |             | 15,876,842 |

**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 31 January 2013, Kerry Golden Screens Limited, an indirect 60%-owned subsidiary of PPB, applied to the Registrar of Companies in Hong Kong for dissolution pursuant to Section 291AA of the Hong Kong Companies Ordinance. The application is in progress.

**A10. Changes in contingent liabilities or contingent assets**

There were no contingent assets and contingent liabilities at the end of the current financial period.

The previously reported contingent liability of RM16.6 million arising from a warranty given to a purchaser of one of the Group's investments has been finalised at RM1.9 million and recognised as a liability in the current financial period.

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

Group revenue grew by 10% to RM764 million in 1Q2013 compared with RM697 million in 1Q2012. This was primarily driven by the higher revenue generated from the flour and feed milling, and grains trading segment. Most of the other segments recorded higher revenue with the exception of the consumer products, environmental engineering and property segments.

The Group profit before tax achieved in 1Q2013 of RM256 million was 28% higher compared with RM200 million in 1Q2012, mainly attributed to higher profit contribution from an associate, Wilmar International Limited ("Wilmar") and the gain on acceptance of the take-over offer for the Group's remaining Tradewinds (M) Berhad ("Tradewinds") shares.

**Group financial performance by business segment**

|  | 1Q2013         | 1Q2012         | Variance      |            |
|--|----------------|----------------|---------------|------------|
|  | RM'000         | RM'000         | RM'000        | %          |
| <b>Revenue</b>   |                |                |               |            |
| - Flour and feed milling, and grains trading                     | 486,933        | 436,086        | 50,847        | 12%        |
| - Marketing, distribution and manufacturing of consumer products | 95,140         | 96,923         | (1,783)       | (2%)       |
| - Film exhibition and distribution                               | 80,150         | 68,887         | 11,263        | 16%        |
| - Environmental engineering, waste management and utilities      | 23,419         | 29,799         | (6,380)       | (21%)      |
| - Property investment and development                            | 10,795         | 19,665         | (8,870)       | (45%)      |
| - Chemicals, Livestock, Investments and Other operations         | 102,529        | 84,535         | 17,994        | 21%        |
| - Elimination  | (35,120)       | (38,940)       | 3,820         | 10%        |
| <b>Total revenue</b>   | <b>763,846</b> | <b>696,955</b> | <b>66,891</b> | <b>10%</b> |

|  | 1Q2013         | 1Q2012         | Variance      |            |
|--|----------------|----------------|---------------|------------|
|  | RM'000         | RM'000         | RM'000        | %          |
| <b>Segment results</b>   |                |                |               |            |
| - Flour and feed milling, and grains trading                     | 31,229         | 43,583         | (12,354)      | (28%)      |
| - Marketing, distribution and manufacturing of consumer products | 4,714          | 4,326          | 388           | 9%         |
| - Film exhibition and distribution                               | 11,282         | 8,243          | 3,039         | 37%        |
| - Environmental engineering, waste management and utilities      | 623            | 925            | (302)         | (33%)      |
| - Property investment and development                            | 4,881          | 5,905          | (1,024)       | (17%)      |
| - Chemicals, Livestock, Investments and Other operations         | 13,471         | (7,397)        | 20,868        | >100%      |
| - Elimination  | (130)          | 386            | (516)         | >(100%)    |
| <b>Total segment results</b>                                     | <b>66,070</b>  | <b>55,971</b>  | <b>10,099</b> | <b>18%</b> |
| - Share of associates and joint venture's profits less losses    | 192,049        | 142,507        | 49,542        | 35%        |
| - Interest income, finance costs and unallocated expenses        | (1,803)        | 1,176          | (2,979)       | >(100%)    |
| <b>Total profit before tax</b>                                   | <b>256,316</b> | <b>199,654</b> | <b>56,662</b> | <b>28%</b> |

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

Revenue increased by 12% to RM487 million in 1Q2013 compared with RM436 million in the corresponding period last year. This was mainly attributed to higher sales volume and feed prices in Malaysia, increased flour sales volume in Vietnam and higher selling prices of flour in Indonesia.

The segment reported lower profits of RM31 million in 1Q2013 compared with RM44 million in 1Q2012 mainly due to higher raw material cost and less favourable grains trading condition.

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

Segment revenue achieved in 1Q2013 of RM95 million was slightly lower than that of the corresponding quarter in 2012. Despite the sales increase in some major lines of consumer products, revenue has reduced as all eggs are now sold directly under the livestock farming division.

However, segment profit was up by 9% to RM4.7 million in 1Q2013 compared with RM4.3 million in 1Q2012 mainly attributed to improved sales in agency products with better profit margins.

#### **Film exhibition and distribution**

Segment revenue grew by 16% in 1Q2013 to RM80 million compared to RM69 million a year ago. The growth in revenue was mainly contributed by the four new cinemas opened in 2012 and a new cinema opened during the quarter. Film distribution income was significantly higher due to the box office success of a major movie and the Chinese New Year festive period in 2013.

Segment profit surged 37% to RM11 million in 1Q2013 compared with RM8 million in the same quarter last year in line with the higher contributions from film distribution and cinema operations.

**Environmental engineering, waste management and utilities**

The segment posted lower revenue of RM23 million in 1Q2013 compared with RM30 million in 1Q2012. This was mainly due to some of the environmental engineering projects being at completion stage in the quarter where revenue had been progressively recognised in the previous quarters.

The segment reported a lower profit in 1Q2013 of RM623,000 compared with RM925,000 in the previous corresponding quarter. In 1Q2012, there was a bad debt recovery of RM0.5 million. Excluding this debt recovery, the segment registered an increased profit in 1Q2013 from the completion of environmental engineering projects with higher margins.

**Property investment and development**

In the current quarter, segment revenue was mainly derived from rental income of Group properties. The higher rental rates from renewal of tenancies at these properties contributed to the improved segment revenue in the quarter. The property development operations registered lower revenue as compared with the significant revenue recognised in 1Q2012 when the sales of Masera bungalows were launched; hence, the lower revenue of RM11 million in 1Q2013 compared with RM20 million in 1Q2012.

Despite higher profits from rental of properties, segment profit for 1Q2013 was lower at RM4.9 million compared with RM5.9 million in 1Q2012 mainly due to lesser profits from property sales.

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

The combined revenue from these segments achieved an increase of 21% in 1Q2013 to RM103 million compared with RM85 million in 1Q2012. This was mainly attributed to the higher revenue from the bakery segment as the business has progressively made inroads into new locations and new distribution outlets. Most of the other segments also contributed higher revenue in the quarter under review.

The combined segments posted profits of RM13 million in 1Q2013 compared with losses of RM7 million in 1Q2012. The improvement in profits was mainly due to the gain on acceptance of the take-over offer for Tradewinds shares and profit contributions from the bakery segment. Most of the other segments were also profitable. In the livestock segment, farm product prices have improved in the quarter which contributed to higher revenue and reduced the segment loss to RM4.7 million in 1Q2013 compared with a RM6.3 million loss in 1Q2012.

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

Wilmar contributed higher profits of RM178 million to the Group in 1Q2013 compared with RM141 million in 1Q2012, largely due to strong performance in oilseeds and grains division which saw a sharp recovery in margins during the quarter. Most of Wilmar's key business segments and associates also recorded better performance.

The Group's flour milling associated companies have also contributed improved results in this quarter.

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

|  | 1Q2013  | 4Q2012  | Variance |         |
|--|---------|---------|----------|---------|
|  | RM'000  | RM'000  | RM'000   | %       |
| <u>Segment results</u>   |         |         |          |         |
| - Flour and feed milling, and grains trading                     | 31,229  | 52,636  | (21,407) | (41%)   |
| - Marketing, distribution and manufacturing of consumer products | 4,714   | 5,846   | (1,132)  | (19%)   |
| - Film exhibition and distribution                               | 11,282  | 11,372  | (90)     | (1%)    |
| - Environmental engineering, waste management and utilities      | 623     | (457)   | 1,080    | >100%   |
| - Property investment and development                            | 4,881   | 525     | 4,356    | >100%   |
| - Chemicals, Livestock, Investments and Other operations         | 13,471  | (2,401) | 15,872   | >100%   |
| - Elimination  | (130)   | 683     | (813)    | >(100%) |
| Total segment results  | 66,070  | 68,204  | (2,134)  | (3%)    |
| - Share of associates and joint venture's profits less losses    | 192,049 | 263,321 | (71,272) | (27%)   |
| - Interest income, finance costs and unallocated expenses        | (1,803) | (204)   | (1,599)  | >(100%) |
| Total profit before tax  | 256,316 | 331,321 | (75,005) | (23%)   |

Compared with the preceding quarter, the Group's profit before tax for 1Q2013 was lower at RM256 million, mainly due to lower profit contribution from Wilmar and the reduced margins in the flour and feed milling, and grains trading segment. The investment segment recorded a RM15.6 million gain from the acceptance of the take-over offer for Tradewinds shares in the current quarter.

**B3. Prospects for current financial year**

In view of the prolonged economic sluggishness in advanced economies like the United States, Eurozone and Japan, the Asian economies are progressively shifting their focus towards domestic demand and trading with other emerging markets.

The Group is optimistic that the Malaysian economy will continue to grow in 2013, which augurs well for the expansion of its domestic core business segments in flour and feed, film exhibition, bakery products and environmental engineering. Regionally, the robust domestic markets in Indonesia, Vietnam and Thailand where the Group is currently expanding its flour milling capacity, are expected to increase their contribution to the Group's performance.

Overall, the Group's operations are expected to perform well in 2013; notwithstanding that its overall financial results will depend substantially on Wilmar's business performance for the year.

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

Not applicable.

**B5. Profit before tax**

|   | Individual<br>Quarter<br>3 months<br>ended<br>31-Mar-13<br>RM'000 | Cumulative<br>Quarter<br>3 months<br>ended<br>31-Mar-13<br>RM'000 |
|---|---|---|
| Profit before tax is stated after crediting :-                |   |   |
| Dividend income   | 19  | 19  |
| Fair value gain on derivatives                                | 11,962  | 11,962  |
| Foreign exchange gain   | 1,943   | 1,943   |
| Gain on disposal of a quoted investment                       | 15,649  | 15,649  |
| Interest income   | 6,879   | 6,879   |
| Rental income   | 850   | 850   |
| Gain on financial assets at fair value through profit or loss | <u>128</u>  | <u>128</u>  |
| Profit before tax is stated after charging :-                 |   |   |
| Allowance for impairment and write off of receivables         | (179)   | (179)   |
| Depreciation and amortisation                                 | (22,366)  | (22,366)  |
| Fair value loss on derivatives                                | (11,380)  | (11,380)  |
| Foreign exchange loss   | (2,851)   | (2,851)   |
| Impairment of property, plant and equipment                   | (270)   | (270)   |
| Interest expense  | <u>(2,680)</u>  | <u>(2,680)</u>  |

Other than the items highlighted in note A10 and above, there were no exceptional items for the current quarter and financial period ended 31 March 2013.

**B6. Taxation**

|   | Individual<br>Quarter<br>3 months<br>ended<br>31-Mar-13<br>RM'000 | Cumulative<br>Quarter<br>3 months<br>ended<br>31-Mar-13<br>RM'000 |
|---|---|---|
| Taxation comprises :-                             |   |   |
| Malaysian taxation based on profit for the period |   |   |
| Current   | 11,248  | 11,248  |
| Deferred  | <u>1,794</u>  | <u>1,794</u>  |
|   | 13,042  | 13,042  |
| Foreign taxation                                  |   |   |
| Current   | 950   | 950   |
| Deferred  | <u>(77)</u>   | <u>(77)</u>   |
|   | 13,915  | 13,915  |
| Overprovision                                     |   |   |
| Current   | (18)  | (18)  |
| Deferred  | <u>(15)</u>   | <u>(15)</u>   |
|   | <u>13,882</u>   | <u>13,882</u>   |

The effective tax rate is lower than the average statutory rate for the period mainly due to the gain on disposal of a quoted investment.

**B7. Status of corporate proposals**

On 22 April 2013, PPB Group Berhad ("PPB") entered into a shareholders' agreement with Kuok Brothers Sdn Bhd, 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 to-date subscribed for 200,000 OS at RM1.00 per share and the first tranche of 6,846,040 RPS at RM1.00 per share, both for cash, in the equity of HQR.

**B8. Group borrowings**

Total Group borrowings as at 31 March 2013 were as follows :-

|  | Total<br>RM'000 | Secured<br>RM'000 | Unsecured<br>RM'000 |
|--|-----------------|-------------------|---------------------|
| Long term bank borrowings                |                 |                   |                     |
| Long term bank loans (USD)               | 96,716          | 96,716            | -                   |
| Long term bank loans (RMB)               | 4,275           | -                 | 4,275               |
| Hire purchase liabilities                | 98              | 98                | -                   |
| Hire purchase liabilities (SGD)          | 22              | 22                | -                   |
| Repayments due within the next 12 months | (12,711)        | (9,929)           | (2,782)             |
|  | <u>88,400</u>   | <u>86,907</u>     | <u>1,493</u>        |
| Short term bank borrowings               |                 |                   |                     |
| Bills payable                            | 48,421          | -                 | 48,421              |
| Short term loans                         | 2,750           | -                 | 2,750               |
| Short term loans (USD)                   | 152,977         | -                 | 152,977             |
| Current portion of long term loans       | 12,672          | 9,890             | 2,782               |
| Hire purchase liabilities                | 24              | 24                | -                   |
| Hire purchase liabilities (SGD)          | 15              | 15                | -                   |
|  | <u>216,859</u>  | <u>9,929</u>      | <u>206,930</u>      |
| Bank overdrafts                          | 735             | -                 | 735                 |
|  | <u>217,594</u>  | <u>9,929</u>      | <u>207,665</u>      |

**B9. Material litigation**

There was no material litigation as at 10 May 2013.

**B10. Dividend**

The final single tier dividend for the financial year ended 31 December 2012 of 13 sen per share was approved by shareholders at the 44th Annual General Meeting held on 14 May 2013, and will be paid on 3 June 2013.

The Directors do not recommend any interim dividend for the current financial period under review.

**Dividends paid/payable**

Dividends paid/payable for the financial year 2012 and up to the date of this report are as follows :-

| Financial Year | Type             | Rate per share<br>(all single tier) | Date paid/payable |
|----------------|------------------|-------------------------------------|-------------------|
| 2012           | Interim dividend | 7 sen                               | 28 September 2012 |
| 2012           | Final dividend   | 13 sen                              | 3 June 2013       |

**B11. Earnings per share**

The basic earnings per share has been calculated by dividing the Group's profit for the current financial period attributable to owners of the parent by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current quarter or financial period to-date as there were no dilutive potential ordinary shares.

**B12. Disclosure of audit report qualification and status of matters raised**

There was no qualification in the audit report of the preceding annual financial statements.

**B13. Realised and unrealised profits/losses**

The retained profits of the Group are analysed as follows :-

|  | As at<br>31-Mar-13<br>RM'000 | As at<br>31-Dec-12<br>RM'000 |
|--|------------------------------|------------------------------|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries :- |                              |                              |
| - Realised   | 12,068,577                   | 12,021,168                   |
| - Unrealised   | (60,270)                     | (76,843)                     |
|  | <u>12,008,307</u>            | <u>11,944,325</u>            |
| Total share of retained profits/(accumulated losses) from associates :-            |                              |                              |
| - Realised   | 90,929                       | 96,022                       |
| - Unrealised   | (1,008)                      | 2,289                        |
| - Wilmar International Limited ("Wilmar") *  | 3,734,030                    | 3,555,328                    |
| Total share of retained profits from jointly controlled entity :-                  |                              |                              |
| - Realised   | <u>6,073</u>                 | <u>5,862</u>                 |
|  | 15,838,331                   | 15,603,826                   |
| Less : consolidation adjustments   | <u>(2,113,244)</u>           | <u>(2,115,860)</u>           |
| Total Group retained profits as per consolidated accounts                          | <u><u>13,725,087</u></u>     | <u><u>13,487,966</u></u>     |

\* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown is considered sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

**Kuala Lumpur**  
**17 May 2013**

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