

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013

(The figures have not been audited)

Condensed Consolidated Income Statements For The Year Ended 31 December 2013

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	900,187	782,623	3,312,917	3,017,926
Operating expenses	(826,998)	(724,695)	(3,145,379)	(2,881,010)
Other operating income	19,216	13,339	135,622	71,697
Share of net profits less losses of associates	226,054	261,782	785,662	712,545
Share of profit of joint venture	1,112	1,539	3,870	4,211
Finance costs	(4,302)	(3,267)	(13,643)	(8,555)
Profit before tax	315,269	331,321	1,079,049	916,814
Income tax expense	(35,564)	(17,220)	(76,464)	(48,617)
Profit for the period/year	<u>279,705</u>	<u>314,101</u>	<u>1,002,585</u>	<u>868,197</u>
Attributable to :				
Owners of the parent	280,692	305,994	994,219	842,152
Non-controlling interests	(987)	8,107	8,366	26,045
Profit for the period/year	<u>279,705</u>	<u>314,101</u>	<u>1,002,585</u>	<u>868,197</u>
Basic earnings per share (sen)	<u>23.68</u>	<u>25.81</u>	<u>83.86</u>	<u>71.04</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 Year Ended 31 December 2013

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	279,705	314,101	1,002,585	868,197
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	118,526	(19,109)	844,905	(396,768)
Fair value of available-for-sale financial assets :-				
- Gains arising during the period/year	27,185	7,005	53,271	32,039
- Reclassification adjustments to profit or loss upon disposal	-	-	(15,179)	(67)
Share of associates' other comprehensive (loss)/income	(39,424)	39,780	(225,530)	(19,215)
Total comprehensive income	<u><u>385,992</u></u>	<u><u>341,777</u></u>	<u><u>1,660,052</u></u>	<u><u>484,186</u></u>
Attributable to :				
Owners of the parent	387,111	333,542	1,649,130	463,560
Non-controlling interests	(1,119)	8,235	10,922	20,626
Total comprehensive income	<u><u>385,992</u></u>	<u><u>341,777</u></u>	<u><u>1,660,052</u></u>	<u><u>484,186</u></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 31-Dec-13 RM'000	As at 31-Dec-12 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,195,996	1,095,882
Investment properties	219,722	222,224
Biological assets	2,877	2,760
Goodwill	74,615	74,615
Other intangible assets	2,696	2,026
Land held for property development	17,176	13,732
Investments in associates	12,628,152	11,293,797
Investment in joint venture	57,368	51,728
Other investments	660,634	617,709
Deferred tax assets	7,683	5,918
	<u>14,866,919</u>	<u>13,380,391</u>
Current Assets		
Inventories	508,493	476,227
Biological assets	17,370	14,268
Other intangible assets	11,957	11,636
Property development costs	23,165	29,338
Receivables	682,904	601,201
Derivative financial instruments	5,263	7,195
Cash, bank balances, deposits and short-term fund placements	964,991	1,050,084
	<u>2,214,143</u>	<u>2,189,949</u>
Non-current assets classified as held for sale	-	9,009
	<u>2,214,143</u>	<u>2,198,958</u>
TOTAL ASSETS	<u><u>17,081,062</u></u>	<u><u>15,579,349</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	14,479,426	13,085,875
Equity attributable to owners of the parent	<u>15,664,926</u>	<u>14,271,375</u>
Non-controlling interests	538,617	493,996
Total equity	<u>16,203,543</u>	<u>14,765,371</u>

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

	As at 31-Dec-13 RM'000	As at 31-Dec-12 RM'000
Non-current Liabilities		
Long-term borrowings	89,698	85,224
Deferred tax liabilities	83,970	70,923
	173,668	156,147
Current Liabilities		
Payables	352,739	319,566
Derivative financial instruments	6,348	35,475
Short-term borrowings	329,855	288,610
Taxation	14,909	14,180
	703,851	657,831
Total liabilities	877,519	813,978
TOTAL EQUITY AND LIABILITIES	17,081,062	15,579,349
Net assets per share attributable to owners of the parent (RM)	13.21	12.04

(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 Year Ended 31 December 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			
12 months ended 31 December 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	-	-	-	658,219	37,995	(59,967)	18,664	994,219	1,649,130	10,922	1,660,052
Transfer of reserves	-	-	(6,371)	-	-	-	(20,928)	27,299	-	-	-
Changes in equity interest in an associate	-	-	-	(92)	-	-	-	(6,532)	(6,624)	-	(6,624)
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	34,279	34,279
Dividends	-	-	-	-	-	-	-	(248,955)	(248,955)	(580)	(249,535)
At 31 December 2013	1,185,500	6,715	54,161	(294,411)	236,187	(23,923)	246,700	14,253,997	15,664,926	538,617	16,203,543
12 months ended 31 December 2012											
At 1 January 2012	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
Total comprehensive income	-	-	-	(322,380)	31,873	4,003	(92,088)	842,152	463,560	20,626	484,186
Transfer of reserves	-	-	(410)	-	-	-	12,174	(11,764)	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	(25,143)	(25,143)	(7,068)	(32,211)
Changes in equity interest in an associate	-	-	-	-	-	-	-	8,447	8,447	-	8,447
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	4,508	4,508
Dividends	-	-	-	-	-	-	-	(237,100)	(237,100)	(27,585)	(264,685)
At 31 December 2012	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

(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 Year Ended 31 December 2013

Final

	12 months ended 31 December	
	2013	2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,079,049	916,814
Adjustments :-		
Non-cash items	(667,520)	(581,963)
Non-operating items	(41,604)	(37,359)
Operating profit before working capital changes	369,925	297,492
Working capital changes :-		
Net change in current assets	(118,198)	(150,518)
Net change in current liabilities	21,406	43,369
Cash generated from operations	273,133	190,343
Tax paid	(62,211)	(48,469)
Net cash generated from operating activities	210,922	141,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(213,061)	(181,210)
Proceeds from disposal of property, plant and equipment and investment properties	26,516	2,101
Purchase of investments	(129,749)	(120,791)
Proceeds from sale of investments	24,034	13,784
Dividends received	194,767	166,758
Interest received	25,880	28,213
Loan to associates	(68,176)	(2,363)
Return of capital from joint venture	3,735	3,535
Other investing activities	6,181	3,975
Net cash used in investing activities	(129,873)	(85,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares by subsidiaries	34,279	4,508
Bank borrowings	45,273	131,534
Interest paid	(16,363)	(10,104)
Dividends paid	(249,535)	(264,685)
Advances from non-controlling interest of a subsidiary	19,585	2,038
Net cash used in financing activities	(166,761)	(136,709)
Net decrease in cash and cash equivalents	(85,712)	(80,833)
Cash and cash equivalents brought forward	1,049,694	1,132,923
Effect of exchange rate changes	270	(2,396)
Cash and cash equivalents carried forward	964,252	1,049,694
<u>Cash and cash equivalents represented by :-</u>		
Cash and bank balances	170,162	93,433
Bank deposits	498,348	956,651
Short-term fund placements	296,481	-
Bank overdrafts	(739)	(390)
	964,252	1,049,694

(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 FRS 9 and Transition Disclosures
Amendments to FRS 9	Mandatory Effective Date of FRS 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 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 ("Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS framework and continue to use the existing FRS framework.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group will be required to prepare its first MFRS financial statements when the new framework is mandated by the MASB.

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 year 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 year to-date.

A6. Dividends paid

	Individual Quarter 3 months ended 31-Dec-13 RM'000	Cumulative Quarter 12 months ended 31-Dec-13 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2012 : Final dividend - 13 sen per share single tier	-	154,115
FY2013 : Interim dividend - 8 sen per share single tier	-	94,840
	-	248,955

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the year ended 31 December 2013

Business Segments:	Flour and feed milling, and grains <u>trading</u>	Marketing, distribution & manufacturing of consumer <u>products</u>	Film exhibition and <u>distribution</u>	Environmental engineering, waste management <u>and utilities</u>	Property investment and <u>development</u>	Chemicals trading and <u>manufacturing</u>	Livestock <u>farming</u>	Investments <u>in equities</u>	Other <u>operations</u>	<u>Elimination</u>	<u>Total</u>
<i>All figures in RM'000</i>											
REVENUE											
External revenue	1,950,921	403,986	342,213	99,948	87,496	87,385	97,666	23,455	219,847	-	3,312,917
Inter-segment sales	101,246	4	-	64	2,048	29,025	159	-	15,209	(147,755)	-
Total revenue	<u>2,052,167</u>	<u>403,990</u>	<u>342,213</u>	<u>100,012</u>	<u>89,544</u>	<u>116,410</u>	<u>97,825</u>	<u>23,455</u>	<u>235,056</u>	<u>(147,755)</u>	<u>3,312,917</u>
RESULTS											
Segment results	124,486	23,837	49,404	6,648	49,935	1,607	(7,494)	38,831	7,211	(798)	293,667
Share of associates' profits less losses	2,410	-	680	4,451	8,242	-	-	-	769,879	-	785,662
Share of joint venture's profit	-	-	-	3,870	-	-	-	-	-	-	3,870
Interest income											25,401
Income from short-term fund placements											2,975
Finance costs											(13,643)
Unallocated corporate expenses											(18,883)
Profit before tax											<u>1,079,049</u>
ASSETS											
Segment assets	1,479,154	226,777	257,841	68,240	310,241	55,561	114,162	660,631	394,154	(28)	3,566,733
Investments in associates	227,800	-	66,310	39,582	150,654	-	-	-	12,143,806	-	12,628,152
Investment in joint venture	-	-	-	57,368	-	-	-	-	-	-	57,368
Bank deposits and short-term fund placements											794,829
Taxation											24,901
Other unallocated corporate assets											9,079
Total assets											<u>17,081,062</u>

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

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

A9. Changes in the composition of the Group

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

- a) On 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 dissolution was completed on 28 June 2013.
- b) On 12 July 2013, PPB subscribed for 998 ordinary shares of RM1.00 each in Deltamont Development Sdn Bhd ("DDSB") for cash at par. Arising therefrom, DDSB became a 99.8% subsidiary of PPB. On 15 July 2013, PPB acquired the remaining 2 ordinary shares of RM1.00 each for cash at par in DDSB. Pursuant to the acquisition, DDSB has become a wholly-owned subsidiary of PPB.
- c) On 28 August 2013, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB acquired the entire issued and paid-up capital of USD2.00 in GSC Vietnam Limited ("GSCV") for cash at par. Arising therefrom, GSCV has become an indirect 100%-owned subsidiary of PPB.

A10. Changes in contingent liabilities or contingent assets

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

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 settled at RM1.9 million.

A11. Capital commitments

Authorised capital expenditure not provided for in the interim financial report as at 31 December 2013 is as follow:-

	RM'000
Property, plant and equipment	
- contracted	28,425
- not contracted	277,368
	<u>305,793</u>
Other capital expenditure	
- contracted	134,636
	<u><u>440,429</u></u>

A12. Significant related party transactions

Significant related party transactions during the financial year ended 31 December 2013 are as follows:-

	RM'000
Transactions with associates	
- Management fee received	961
- Film rental received	1,131
	12,982
Transactions with subsidiaries of ultimate holding company	
- Sales of goods	12,982
	168,874
Transactions with subsidiaries of associates	
- Purchase of goods	3,324
- Sales of goods	3,386
- Rental received	1,557
- Security and other services paid and payable	64,264
- Charter hire of vessels	3,018
- Project management fee received/receivable	3,018
	3,018

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

Group revenue increased by 15% to RM900 million in 4Q2013 and 10% to RM3.3 billion for FY2013, compared with RM783 million in 4Q2012 and RM3 billion for FY2012. This was primarily attributed to higher revenue from the flour and feed milling, and grains trading segment. With the exception of the environmental engineering segment, most of the other segments delivered higher revenue in the quarter and financial year under review.

The Group profit before tax of RM315 million recorded in 4Q2013 was 5% lower compared with RM331 million in 4Q2012. This was mainly due to lower profit contribution from an associate, Wilmar International Limited ("Wilmar") and lesser profits from the flour and feed milling, and grains trading segment which was partially offset by better performance from the property and livestock segments. For FY2013, the Group achieved an 18% increase in profit before tax to RM1.1 billion compared with RM917 million for FY2012, attributed to higher profit contribution from Wilmar as well as most of the Group's business segments.

Group financial performance by business segment

	4Q2013	4Q2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	539,716	477,411	62,305	13%
- Marketing, distribution and manufacturing of consumer products	104,754	94,227	10,527	11%
- Film exhibition and distribution	87,791	77,456	10,335	13%
- Environmental engineering, waste management and utilities	34,953	48,987	(14,034)	(29%)
- Property investment and development	36,385	14,411	21,974	>100%
- Chemicals, Livestock, Investments and Other operations	134,297	107,672	26,625	25%
- Elimination	(37,709)	(37,541)	(168)	
Total revenue	900,187	782,623	117,564	15%

	FY2013	FY2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	2,052,167	1,847,567	204,600	11%
- Marketing, distribution and manufacturing of consumer products	403,990	388,583	15,407	4%
- Film exhibition and distribution	342,213	289,681	52,532	18%
- Environmental engineering, waste management and utilities	100,012	155,188	(55,176)	(36%)
- Property investment and development	89,544	80,764	8,780	11%
- Chemicals, Livestock, Investments and Other operations	472,746	414,180	58,566	14%
- Elimination	(147,755)	(158,037)	10,282	
Total revenue	3,312,917	3,017,926	294,991	10%

	4Q2013	4Q2012	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	38,702	52,636	(13,934)	(26%)
- Marketing, distribution and manufacturing of consumer products	6,652	5,846	806	14%
- Film exhibition and distribution	10,915	11,372	(457)	(4%)
- Environmental engineering, waste management and utilities	1,047	(457)	1,504	>100%
- Property investment and development	12,071	525	11,546	>100%
- Chemicals, Livestock, Investments and Other operations	19,447	(2,401)	21,848	>100%
- Elimination	(77)	683	(760)	
Total segment results	88,757	68,204	20,553	30%
- Share of associates and joint venture's profits less losses	227,166	263,321	(36,155)	(14%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(654)	(204)	(450)	>(100%)
Total profit before tax	315,269	331,321	(16,052)	(5%)

	FY2013	FY2012	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	124,486	122,386	2,100	2%
- Marketing, distribution and manufacturing of consumer products	23,837	19,521	4,316	22%
- Film exhibition and distribution	49,404	39,788	9,616	24%
- Environmental engineering, waste management and utilities	6,648	9,476	(2,828)	(30%)
- Property investment and development	49,935	22,291	27,644	>100%
- Chemicals, Livestock, Investments and Other operations	40,155	(15,764)	55,919	>100%
- Elimination	(798)	334	(1,132)	
Total segment results	293,667	198,032	95,635	48%
- Share of associates and joint venture's profits less losses	789,532	716,756	72,776	10%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(4,150)	2,026	(6,176)	>(100%)
Total profit before tax	1,079,049	916,814	162,235	18%

Flour and feed milling, and grains trading

Revenue rose 13% to RM540 million in 4Q2013 and 11% to RM2.1 billion for FY2013, compared with RM477 million and RM1.8 billion respectively in the corresponding quarter and period last year. This was mainly attributed to higher sales volume and improved selling prices of flour and feed.

The segment delivered lower profits of RM39 million in 4Q2013 compared with RM53 million in 4Q2012. The higher sales volume coupled with lower raw material costs resulted in better margins. However, this was negated by less favourable grains trading conditions in the 4th quarter. For FY2013, segment profit was up modestly by 2% from RM122 million to RM124 million. Better performance in grains trading mitigated the lower margins due to higher raw material costs and unfavourable foreign currency exchange results.

Marketing, distribution and manufacturing of consumer products

The segment revenue continued to grow mainly driven by additional sales of an agency product in Peninsular Malaysia and improved sales from the other existing agency products. Segment revenue grew by 11% to RM105 million and 4% to RM404 million in 4Q2013 and FY2013 respectively.

Segment profit was also up 14% to RM6.7 million in 4Q2013 and 22% to RM24 million in FY2013, in line with the higher revenue and improved sales of agency products with better margins.

Film exhibition and distribution

Film exhibition delivered a strong revenue growth of 13% to RM88 million in 4Q2013 and 18% to RM342 million for FY2013, led by the new cinemas opened in 2012 and 1H2013 coupled with more blockbuster movies released. Higher revenues were also recorded by the film distribution and screen advertising businesses.

Despite higher revenue reported in 4Q2013, the segment profit of RM11 million was slightly lower than that of the corresponding quarter last year mainly due to digitalisation of the projection system that resulted in a write-off of RM2.4 million of obsolete equipment. Excluding this write-off, the segment registered a higher profit of RM13.3 million in 4Q2013. Growing in tandem with revenue, the segment charted an encouraging performance with profits of RM50 million for the financial year, a jump of 24% from last year.

Environmental engineering, waste management and utilities

The segment reported lower revenue of RM35 million in 4Q2013 and RM100 million for FY2013 compared with RM49 million in 4Q2012 and RM155 million for FY2012 respectively. This was mainly due to several on-going environmental engineering projects being at completion stage in the quarter and financial year under review, whereby the revenue contribution had been progressively recognised in previous periods.

This segment posted profit of RM1 million in 4Q2013 compared with loss of RM0.5 million in the corresponding quarter last year. The loss in 4Q2012 was mainly due to an additional cost of RM1.5 million accrued in that quarter for rectification works on a completed project. For FY2013, the segment profit of RM7 million compared with RM9 million for FY2012 which was in line with the revenue reported for the financial year. The newly-secured projects in 2013 have yet to contribute significantly in FY2013.

Property investment and development

Segment revenue increased to RM36 million in 4Q2013, more than double its contribution from the corresponding quarter last year, mainly attributable to higher progress billings recognised from sales of bungalows in Masera Bukit Segar, Kuala Lumpur. For FY2013, higher project management fees on newly secured projects and higher rental from renewal of tenancies have contributed to the increase in revenue from RM81 million to RM90 million.

The higher segment profit of RM12 million in 4Q2013 was in line with revenue growth. For FY2013, profit was significantly higher compared with last year mainly due to a gain of RM16.8 million from the sale of an investment property. Excluding the gain, the segment profit was RM33 million for FY2013 compared with RM22 million a year ago derived from profit recognised from progress billings, project management fees and rental income.

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

Combined revenue from these segments achieved an increase of 25% in 4Q2013 to RM134 million and 14% for FY2013 to RM473 million, mainly attributed to higher revenue in the bakery, livestock and investments segments. Revenue growth in the bakery operation was driven by sales increase in all locations arising from the full operation of all distribution centres in 2013. The improved revenue in the livestock segment was largely due to increase in selling prices and quantities of day-old-chicks and eggs. Higher dividend income from the Group's investments in equities had also contributed to the increase in revenue.

The combined segments profits surged to RM19 million in 4Q2013 compared with a loss of RM2.4 million in 4Q2012 mainly attributed to the improved performance of the livestock segment backed by higher sales quantities and selling prices achieved by both breeder and layer farms. For FY2013, profits jumped to RM40 million from a loss of RM16 million largely contributed by the gain on disposal of the Group's investment in Tradewinds (M) Berhad pursuant to a take-over offer, as well as higher dividend income received. The livestock segment recorded improved performance with lower losses mainly due to higher production of eggs and day-old chick prices. Along with the increase in revenue, the bakery segment also reported higher profits.

Share of associates and joint venture's profits less losses

Wilmar contributed a lower profit of RM218 million in 4Q2013 compared with RM254 million in 4Q2012. For FY2013, Wilmar contributed higher profits of RM763 million as compared with RM694 million a year ago. The profit growth was mainly from Wilmar's palm and laurics, oilseeds and grains, consumer products and sugar businesses.

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

	4Q2013	3Q2013	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	38,702	16,786	21,916	>100%
- Marketing, distribution and manufacturing of consumer products	6,652	6,348	304	5%
- Film exhibition and distribution	10,915	11,148	(233)	(2%)
- Environmental engineering, waste management and utilities	1,047	2,692	(1,645)	(61%)
- Property investment and development	12,071	7,864	4,207	53%
- Chemicals, Livestock, Investments and Other operations	19,447	4,264	15,183	>100%
- Elimination	(77)	(358)	281	
Total segment results	88,757	48,744	40,013	82%
- Share of associates and joint venture's profits less losses	227,166	244,753	(17,587)	(7%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(654)	(517)	(137)	(26%)
Total profit before tax	315,269	292,980	22,289	8%

The Group's profit before tax was RM315 million in 4Q2013, a growth of 8% from RM293 million in 3Q2013. This was mainly driven by better performance from the flour and feed milling, and grains trading segment as a result of improved sales. Higher dividend income received from the Group's investment in equities had also contributed to the increased profits. While most of the Group's segments recorded better results, Wilmar contributed lower profits in 4Q2013.

B3. Prospects for the next financial year

PPB Group's business have performed well in 2013 on the back of strong domestic consumption, supported by the Group's increased production and distribution capacities, as well as new cinema locations.

Looking forward in 2014, Malaysia's GDP growth is projected to remain firm while the growth momentum in the ASEAN region is expected to be stable, moderated by the tightening of monetary policy in Indonesia and the political uncertainties in Thailand.

With the Group's strong core business presence in Malaysia together with expansion in the cinema, flour and bakery segments progressively coming on-stream, it is anticipated that the Group's businesses will continue to perform well in 2014. The Group's regional businesses are also expected to grow in line with the expanded flour milling capacity; sustained by increasing affluence and domestic consumption in those markets.

In addition to its operating businesses, the Group's overall consolidated financial results in 2014 will continue to be substantially supported by Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 31-Dec-13 RM'000	Cumulative Quarter 12 months ended 31-Dec-13 RM'000
Profit before tax is stated after crediting :-		
Dividend income	14,907	23,454
Fair value gain on derivatives	3,189	34,293
Foreign exchange gain	5,001	18,732
Gain on disposal of investment property	-	16,806
Gain on disposal of a quoted investment	-	15,650
Interest income	5,488	25,401
Income from short-term fund placements	1,818	2,975
Rental income	851	3,417
Impairment of property, plant and equipment written back	1,681	301
Impairment of investment property written back	32	32
Gain on financial assets at fair value through profit or loss	(262)	196
Profit before tax is stated after charging :-		
Allowance for doubtful debts and write off of receivables	(4,811)	(5,848)
Depreciation and amortisation	(39,011)	(108,992)
Fair value loss on derivatives	2,533	(4,371)
Foreign exchange loss	(12,752)	(62,032)
Inventories written down	(367)	(367)
Impairment of investment property	(134)	(134)
Interest expense	(4,302)	(13,643)
Loss on disposal of a quoted investment	-	(469)

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

B6. Taxation

	Individual Quarter 3 months ended 31-Dec-13 RM'000	Cumulative Quarter 12 months ended 31-Dec-13 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	18,682	62,471
Deferred	72	2,931
	<u>18,754</u>	<u>65,402</u>
Foreign taxation		
Current	6,282	2,056
Deferred	9,273	9,138
	<u>34,309</u>	<u>76,596</u>
Under/(Over)provision		
Current	2,092	711
Deferred	(837)	(843)
	<u>35,564</u>	<u>76,464</u>

The effective tax rate is higher than the average statutory rate for the period mainly due to the provision of withholding tax on undistributed profits from foreign associates.

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. To date PPB has subscribed for 200,000 OS at RM1.00 per share for cash; and two tranches totaling 27,181,160 RPS at RM1.00 per share for cash, in the equity of HQR.

B8. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	109,102	109,102	-
Hire purchase liabilities	74	74	-
Hire purchase liabilities (SGD)	12	12	-
Repayments due within the next 12 months	(19,490)	(19,490)	-
	<u>89,698</u>	<u>89,698</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	126,459	-	126,459
Short-term loans	2,700	-	2,700
Short-term loans (USD)	104,781	-	104,781
Short-term loans (IDR)	72,649	-	72,649
Short-term loans (RMB)	3,037	-	3,037
Current portion of long-term loans	19,445	19,445	-
Hire purchase liabilities	33	33	-
Hire purchase liabilities (SGD)	12	12	-
	<u>329,116</u>	<u>19,490</u>	<u>309,626</u>
Bank overdrafts	739	-	739
	<u>329,855</u>	<u>19,490</u>	<u>310,365</u>

B9. Material litigation

There was no material litigation as at 21 February 2014.

B10. Dividends

The Board of Directors is pleased to recommend a final single tier dividend for the financial year ended 31 December 2013 of 17 sen per share (2012 : 13 sen per share single tier) payable on Friday, 6 June 2014 subject to the approval of shareholders at the 45th Annual General Meeting to be held on Thursday, 15 May 2014.

Together with the interim single tier dividend of 8 sen per share paid on 27 September 2013, the total dividend paid and payable for the financial year ended 31 December 2013 would be 25 sen per share single tier (2012 - Interim : 7 sen per share single tier; Final : 13 sen per share single tier).

Dividend entitlement/payment date

Notice is hereby given that, subject to shareholders' approval, the final dividend is payable on Friday, 6 June 2014 to shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 20 May 2014.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Tuesday, 20 May 2014 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of BMSB.

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 (all single tier)	Date paid/payable
2012	Interim dividend	7 sen	28 September 2012
2012	Final dividend	13 sen	3 June 2013
2013	Interim dividend	8 sen	27 September 2013
2013	Final dividend (proposed)	17 sen	6 June 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 of the preceding annual financial statements.

B13. Realised and unrealised profits/losses

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

	As at 31-Dec-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :-		
- Realised	12,208,286	12,021,168
- Unrealised	(77,621)	(76,843)
	<u>12,130,665</u>	<u>11,944,325</u>
Total share of retained profits/(accumulated losses) from associates :-		
- Realised	124,465	96,022
- Unrealised	(1,675)	2,289
- Wilmar International Limited ("Wilmar") *	4,142,851	3,555,328
Total share of retained profits from joint venture :-		
- Realised	6,849	5,862
	<u>16,403,155</u>	<u>15,603,826</u>
Less : consolidation adjustments	(2,149,158)	(2,115,860)
Total Group retained profits as per consolidated accounts	<u><u>14,253,997</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
28 February 2014

By Order of the Board
Mah Teck Keong
Company Secretary