

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2014

(The figures have not been audited)

Condensed Consolidated Income Statements For The Year Ended 31 December 2014

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	933,214	900,187	3,701,008	3,312,917
Operating expenses	(898,450)	(826,998)	(3,477,368)	(3,145,379)
Other operating income	4,920	19,216	101,641	119,990
Share of net profits less losses of associates	260,578	226,054	719,496	785,662
Share of profit of joint venture	1,531	1,112	4,646	3,870
Finance costs	(5,866)	(4,302)	(21,279)	(13,643)
Profit before tax	295,927	315,269	1,028,144	1,063,417
Income tax expense	(15,085)	(35,564)	(89,227)	(72,478)
Profit for the period/year	<u>280,842</u>	<u>279,705</u>	<u>938,917</u>	<u>990,939</u>
Attributable to :				
Owners of the parent	281,434	280,692	916,779	982,573
Non-controlling interests	(592)	(987)	22,138	8,366
Profit for the period/year	<u>280,842</u>	<u>279,705</u>	<u>938,917</u>	<u>990,939</u>
Basic earnings per share (sen)	<u>23.74</u>	<u>23.68</u>	<u>77.33</u>	<u>82.88</u>

(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.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statements Of Comprehensive Income
For The Year Ended 31 December 2014

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the period/year	280,842	279,705	938,917	990,939
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				
- Gains arising during the period/year	902,467	118,526	829,626	844,905
- Reclassification adjustment to profit or loss upon disposal of an asset	13,722	-	13,722	-
Fair value of available-for-sale financial assets :-				
- (Losses)/Gains arising during the period/year	(52,549)	27,185	(146,608)	53,271
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	-	-	(15,179)
Share of associates' other comprehensive loss	(149,050)	(39,424)	(164,157)	(225,530)
Total comprehensive income	995,432	385,992	1,471,500	1,648,406
Attributable to :				
Owners of the parent	986,101	387,111	1,441,212	1,637,484
Non-controlling interests	9,331	(1,119)	30,288	10,922
Total comprehensive income	995,432	385,992	1,471,500	1,648,406

(The Condensed Consolidated Statements 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.)

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

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,264,298	1,195,996
Investment properties	195,623	204,090
Biological assets	3,152	2,877
Goodwill	73,876	74,615
Other intangible assets	2,971	2,696
Land held for property development	19,270	17,176
Investments in associates	13,801,218	12,628,152
Investment in joint venture	58,477	57,368
Other investments	513,672	660,634
Deferred tax assets	5,781	7,683
	<u>15,938,338</u>	<u>14,851,287</u>
Current Assets		
Inventories	718,607	508,493
Biological assets	19,312	17,370
Other intangible assets	10,755	11,957
Property development costs	21,313	23,165
Receivables	800,958	682,904
Derivative financial instruments	12,040	5,263
Cash, bank balances, deposits and short-term fund placements	1,079,311	964,991
	<u>2,662,296</u>	<u>2,214,143</u>
Non-current assets classified as held for sale	4,545	-
	<u>2,666,841</u>	<u>2,214,143</u>
TOTAL ASSETS	<u><u>18,605,179</u></u>	<u><u>17,065,430</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	15,635,013	14,467,780
Equity attributable to owners of the parent	<u>16,820,513</u>	<u>15,653,280</u>
Non-controlling interests	560,803	538,617
Total equity	<u><u>17,381,316</u></u>	<u><u>16,191,897</u></u>

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

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Non-current Liabilities		
Long-term borrowings	61,990	89,698
Deferred tax liabilities	85,313	79,984
	<u>147,303</u>	<u>169,682</u>
Current Liabilities		
Payables	552,204	352,739
Derivative financial instruments	17,269	6,348
Short-term borrowings	491,595	329,855
Current tax liabilities	14,638	14,909
	<u>1,075,706</u>	<u>703,851</u>
Liability associated with non-current assets classified as held for sale	854	-
	<u>1,076,560</u>	<u>703,851</u>
Total liabilities	<u>1,223,863</u>	<u>873,533</u>
TOTAL EQUITY AND LIABILITIES	<u>18,605,179</u>	<u>17,065,430</u>
Net assets per share attributable to owners of the parent (RM)	<u>14.19</u>	<u>13.20</u>

(The Condensed Consolidated Statements 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.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 December 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			
12 months ended 31 December 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	-	-	-	553,230	(146,561)	100,820	16,944	916,779	1,441,212	30,288	1,471,500
Transfer of reserves	-	-	(463)	-	-	-	5,334	(4,871)	-	-	-
Changes in equity interest in an associate	-	-	-	-	-	-	-	10,541	10,541	-	10,541
Dividends	-	-	-	-	-	-	-	(284,520)	(284,520)	(8,102)	(292,622)
At 31 December 2014	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
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	982,573	1,637,484	10,922	1,648,406
Transfer of reserves	-	-	(15,401)	-	-	-	(20,928)	36,329	-	-	-
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	45,131	(294,411)	236,187	(23,923)	246,700	14,251,381	15,653,280	538,617	16,191,897

(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.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2014

	12 months ended 31 December	
	2014	2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,028,144	1,063,417
Adjustments :-		
Non-cash items	(587,417)	(651,888)
Non-operating items	(20,879)	(41,604)
Operating profit before working capital changes	<u>419,848</u>	<u>369,925</u>
Working capital changes :-		
Net change in current assets	(293,498)	(118,198)
Net change in current liabilities	168,984	35,368
Cash generated from operations	<u>295,334</u>	<u>287,095</u>
Tax paid	(76,725)	(62,211)
Net cash generated from operating activities	218,609	224,884
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(182,467)	(213,061)
Proceeds from disposal of property, plant and equipment and investment properties	42,620	26,516
Purchase of investments	(32,116)	(129,749)
Proceeds from sale of investments	1,569	24,034
Dividends received	244,343	194,767
Interest received	17,757	25,880
Income from short-term fund placements	10,800	2,764
Loan to associates	(45,543)	(68,176)
Return of capital from joint venture	5,533	3,735
Other investing activities	4,360	3,417
Net cash generated from/(used in) investing activities	66,856	(129,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to a non-controlling interest of a subsidiary	-	10,932
Bank borrowings	118,656	45,273
Interest paid	(21,484)	(16,363)
Dividends paid	(292,622)	(249,535)
Advances from non-controlling interest of subsidiaries	18,440	28,970
Net cash used in financing activities	(177,010)	(180,723)
Net increase/(decrease) in cash and cash equivalents	108,455	(85,712)
Cash and cash equivalents brought forward	964,252	1,049,694
Effect of exchange rate changes	6,333	270
Cash and cash equivalents carried forward	1,079,040	964,252
Cash and cash equivalents represented by :-		
Cash and bank balances	254,549	170,162
Bank deposits	423,066	498,348
Short-term fund placements	401,696	296,481
Bank overdrafts	(271)	(739)
	<u>1,079,040</u>	<u>964,252</u>

(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.)

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.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, Malaysian Financial Reporting Standards ("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 MFRS framework and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the MFRS framework.

MASB had announced on 2 September 2014 that all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group will adopt the MFRS framework and prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in the financial statements for the year ending 31 December 2014 could be different if prepared in accordance with MFRS.

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-14 RM'000	Cumulative Quarter 12 months ended 31-Dec-14 RM'000
<u>Dividends paid on ordinary shares</u>		
FY2013 : Final dividend - 17 sen per share single tier	-	201,535
FY2014 : Interim dividend - 7 sen per share single tier	-	82,985
	<u>-</u>	<u>284,520</u>

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the year ended 31 December 2014

Business Segments: <i>All figures in RM'000</i>	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>
REVENUE											
External revenue	2,229,288	438,494	370,771	138,562	81,874	76,160	127,247	9,675	228,937	-	3,701,008
Inter-segment sales	107,069	-	-	665	2,004	25,950	1,595	-	15,116	(152,399)	-
Total revenue	<u>2,336,357</u>	<u>438,494</u>	<u>370,771</u>	<u>139,227</u>	<u>83,878</u>	<u>102,110</u>	<u>128,842</u>	<u>9,675</u>	<u>244,053</u>	<u>(152,399)</u>	<u>3,701,008</u>
RESULTS											
Segment results	179,364	28,094	60,793	5,272	38,004	1,463	15,857	8,453	(24,333)	-	312,967
Share of associates' profits less losses	8,647	-	3,916	6,530	4,368	-	-	-	696,035	-	719,496
Share of joint venture's profit	-	-	-	4,646	-	-	-	-	-	-	4,646
Interest income											18,222
Income from short-term fund placements											10,800
Finance costs											(21,279)
Unallocated corporate expenses											(16,708)
Profit before tax											<u>1,028,144</u>
ASSETS											
Segment assets	1,911,119	227,935	290,073	108,063	302,071	42,369	115,023	513,673	380,898	(5,271)	3,885,953
Investments in associates	251,503	-	73,747	45,149	176,836	-	-	-	13,253,983	-	13,801,218
Investment in joint venture	-	-	-	58,477	-	-	-	-	-	-	58,477
Bank deposits and short-term fund placements											824,762
Tax assets											17,427
Other unallocated corporate assets											17,342
Total assets											<u>18,605,179</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 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.
- b) On 4 August 2014, Lamlewa Feedmill Sdn Bhd, an indirect 80%-owned dormant subsidiary of PPB commenced a members' voluntary winding up pursuant to Section 254(1)(b) of the Companies Act 1965. The winding up is in progress.
- c) Cathay Enterprises Sdn Bhd, an indirect wholly-owned dormant subsidiary of PPB which commenced a members' voluntary winding up on 12 August 2011 has been dissolved on 18 August 2014, 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 31 December 2014 were as follows:-

	RM'000
Property, plant and equipment	
- contracted	34,390
- not contracted	321,842
	<u>356,232</u>
Other capital commitments	
- contracted	92,664
- not contracted	86,260
	<u>178,924</u>
	<u>535,156</u>

A12. Significant related party transactions

Significant related party transactions during the financial year ended 31 December 2014 were as follows:-

	RM'000
Transactions with an associate	
- Management fee received/receivable	944
- Film rental received/receivable	896
- Purchase of goods	5,547
	13,251
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	13,251
	13,251
Transactions with subsidiaries of an associate	
- Purchase of goods	216,763
- Sales of goods	2,531
- Rental received	3,391
- Security and other service fees paid and payable	5,384
- Charter hire of vessels	68,219
	68,219

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

Group revenue increased by 4% to RM933 million in 4Q2014 compared with RM900 million in 4Q2013, mainly from the flour and feed milling, and grains trading segment. The environmental engineering, waste management and utilities segment also contributed to the higher Group revenue. The increase was partly offset by lower revenue from the property investment and development segment as well as chemicals and investments in the combined segment. For FY2014, group revenue rose by 12% to RM3.70 billion compared with RM3.31 billion for FY2013, driven by growth in most of the Group's core segments.

The Group registered profit before tax of RM296 million in 4Q2014, 6% lower than the RM315 million in 4Q2013. Despite higher profit contribution from an associate, Wilmar International Limited ("Wilmar") in the quarter, lower profits from flour and feed milling, and grains trading segment as well as the loss in the packaging business had reduced the Group profit. For FY2014, Group recorded profit before tax of RM1.03 billion which was 3% lower than the RM1.06 billion for FY2013, mainly due to reduced profit contribution from Wilmar, lower profits from investment in equities and losses in the packaging business reported within "other operations". Most of the Group's core segments achieved better results for the year.

Group financial performance by business segment

	4Q2014	4Q2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	586,279	539,716	46,563	9%
- Marketing, distribution and manufacturing of consumer products	101,433	104,754	(3,321)	(3%)
- Film exhibition and distribution	96,118	87,791	8,327	9%
- Environmental engineering, waste management and utilities	59,071	34,953	24,118	69%
- Property investment and development	12,845	36,385	(23,540)	(65%)
- Chemicals, Livestock, Investments and Other operations	113,281	134,297	(21,016)	(16%)
- Elimination	(35,813)	(37,709)	1,896	
Total revenue	933,214	900,187	33,027	4%

	FY2014	FY2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Flour and feed milling, and grains trading	2,336,357	2,052,167	284,190	14%
- Marketing, distribution and manufacturing of consumer products	438,494	403,990	34,504	9%
- Film exhibition and distribution	370,771	342,213	28,558	8%
- Environmental engineering, waste management and utilities	139,227	100,012	39,215	39%
- Property investment and development	83,878	89,544	(5,666)	(6%)
- Chemicals, Livestock, Investments and Other operations	484,680	472,746	11,934	3%
- Elimination	(152,399)	(147,755)	(4,644)	
Total revenue	3,701,008	3,312,917	388,091	12%

	4Q2014	4Q2013	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	15,770	38,702	(22,932)	(59%)
- Marketing, distribution and manufacturing of consumer products	5,294	6,652	(1,358)	(20%)
- Film exhibition and distribution	13,954	10,915	3,039	28%
- Environmental engineering, waste management and utilities	4,478	1,047	3,431	>100%
- Property investment and development	14,062	12,077	1,985	16%
- Chemicals, Livestock, Investments and Other operations	(17,127)	19,364	(36,491)	>(100%)
Total segment results	36,431	88,757	(52,326)	(59%)
- Share of associates and joint venture's profits less losses	262,109	227,166	34,943	15%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(2,613)	(654)	(1,959)	>(100%)
Total profit before tax	295,927	315,269	(19,342)	(6%)

	FY2014	FY2013	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	179,364	124,486	54,878	44%
- Marketing, distribution and manufacturing of consumer products	28,094	23,837	4,257	18%
- Film exhibition and distribution	60,793	49,404	11,389	23%
- Environmental engineering, waste management and utilities	5,272	6,648	(1,376)	(21%)
- Property investment and development	38,004	34,325	3,679	11%
- Chemicals, Livestock, Investments and Other operations	1,440	39,335	(37,895)	(96%)
Total segment results	312,967	278,035	34,932	13%
- Share of associates and joint venture's profits less losses	724,142	789,532	(65,390)	(8%)
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(8,965)	(4,150)	(4,815)	>(100%)
Total profit before tax	1,028,144	1,063,417	(35,273)	(3%)

Flour and feed milling, and grains trading

Revenue increased by 9% to RM586 million in 4Q2014 and 14% to RM2.34 billion for FY2014 compared with RM540 million and RM2.05 billion respectively in the corresponding periods last year. Higher flour sales volume in Indonesia, Vietnam and Malaysia coupled with the increased animal feed sales volume contributed to the growth in segment revenue for 4Q2014 and FY2014.

The segment profits were lower at RM16 million in 4Q2014 compared with RM39 million in 4Q2013 mainly due to the net grains hedging position. However, the segment recorded a 44% increase in profit before tax of RM179 million for FY2014 compared with RM124 million a year ago, primarily due to the improved net foreign exchange translation positions, higher sales volume, better recovery of fixed costs and better margins.

Marketing, distribution and manufacturing of consumer products

The segment registered a marginal 3% decrease in revenue to RM101 million in 4Q2014 from a year ago due mainly to termination of distribution of an existing agency product, which revenue reduction was partly cushioned by two new agency products introduced in the same quarter. The enlarged distributorship granted for an agency product since August 2013 contributed to the 9% growth in revenue from RM404 million for FY2013 to RM438 million for FY2014.

Segment profit of RM5.3 million in 4Q2014 was lower than the RM6.7 million in 4Q2013 due to lower revenue generated in the quarter under review. The higher profits earned of RM28 million for FY2014 was in line with the revenue growth as well as higher sales of agency products with better margins.

Film exhibition and distribution

Higher revenue of RM96 million in 4Q2014 and RM371 million for FY2014 represented an increase of 9% and 8% respectively compared with the same periods last year. The growth was from improved cinema collections from blockbuster movies released, higher contribution from concessions and screen advertising income, higher average ticket prices with digitalisation of cinema halls as well as additional revenue from new cinemas opened in 2013 and 2014 collectively contributed to the increase.

Segment profit was RM14 million in 4Q2014 compared with RM11 million in 4Q2013, and for FY2014, the segment's profit before tax grew by 23% to RM61 million; both in line with the growth in revenue.

Environmental engineering, waste management and utilities

The segment registered improved revenue of RM59 million in 4Q2014 and RM139 million for FY2014, representing increases of 69% and 39% respectively compared with the corresponding periods in 2013, mainly contributed by projects secured in 2013 and 2014 which have reached their procurement and construction stages.

In line with the revenue growth in 4Q2014, segment profit for the quarter increased to RM4.5 million from RM1 million in 4Q2013. For FY2014, profit before tax of RM5.3 million was lower compared with RM6.6 million for FY2013 mainly due to the exceptional profit which was recognised from a completed project in 2013 and there was an impairment of goodwill in 2014.

Property investment and development

The segment recorded lower revenue of RM13 million in 4Q2014 compared with RM36 million in 4Q2013 as most of the revenue from progress billings had been recognised in 4Q2013 and 1Q2014 upon delivery of vacant possession of Masera bungalows in Bukit Segar, Kuala Lumpur. For FY2014, lower revenue was recorded at RM84 million compared with RM90 million for FY2013 due to lower project management fees received. The lower segment revenue was mitigated by higher rental income from increased rental rates upon renewal of tenancies and increased occupancy rates.

Segment profits for the quarter increased to RM14 million in 4Q2014 and RM38 million for FY2014 from RM12 million in 4Q2013 and RM34 million for FY2013. This was mainly due to profits recognised from finalisation of accounts for the Masera project, increase in rental income and profit from sale of an investment property.

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

The combined revenue from these segments decreased by 16% in 4Q2014 to RM113 million from RM134 million in the same quarter last year; largely due to an exceptional dividend income of RM13 million received in 4Q2013 from one of its quoted investments. Chemical trading segment posted lower revenue due to tighter credit control and the significant drop in crude oil prices in 4Q2014 that exacerbated the sales of petroleum-based chemicals as customers adopted a "wait and see" attitude and were buying on need basis. For FY2014, the combined revenue grew marginally at 3% to RM485 million from RM473 million in the previous year, mainly attributed 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.

The combined segments collectively reported a loss of RM17.1 million in 4Q2014 and a profit of RM1 million for FY2014 compared with profits of RM19 million in 4Q2013 and RM39 million for FY2013. While the livestock segment has turned profitable in FY2014 as a result of improved selling prices and improved production efficiency, the combined segment result was reduced by the losses incurred in the packaging business. The profit in FY2013 was lifted by a one-time gain of RM16 million on disposal of the Group's Tradewinds (M) Berhad shares and an exceptional dividend income of RM13 million received from quoted investment.

Share of associates and joint venture's profits less losses

The Group's associates and joint venture contributed higher profits of RM262 million in 4Q2014 compared with RM227 million in 4Q2013, of which Wilmar's contribution was RM252 million in 4Q2014 against RM218 million in 4Q2013. For FY2014, the Group's associates and joint venture contributed lower profits of RM724 million compared with RM790 million for FY2013. Wilmar contributed RM695 million in FY2014 against RM764 million in FY2013 due to the continued margin contractions in palm and laurics as well as the negative soybean crushing margins.

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

	4Q2014	3Q2014	Variance	
	RM'000	RM'000	RM'000	%
Segment results				
- Flour and feed milling, and grains trading	15,770	76,294	(60,524)	(79%)
- Marketing, distribution and manufacturing of consumer products	5,294	7,646	(2,352)	(31%)
- Film exhibition and distribution	13,954	14,758	(804)	(5%)
- Environmental engineering, waste management and utilities	4,478	(203)	4,681	>100%
- Property investment and development	14,062	7,134	6,928	97%
- Chemicals, Livestock, Investments and Other operations	(17,127)	3,757	(20,884)	>(100%)
Total segment results	36,431	109,386	(72,955)	(67%)
- Share of associates and joint venture's profits less losses	262,109	257,353	4,756	2%
- Interest income, finance costs, income from short-term fund placements and unallocated expenses	(2,613)	(473)	(2,140)	>(100%)
Total profit before tax	295,927	366,266	(70,339)	(19%)

The Group's profit before tax of RM296 million in 4Q2014 was 19% lower than the RM366 million in 3Q2014. The flour and feed milling, and grains trading segment profits decreased primarily due to the net grains hedging position. The combined segment recorded a loss mainly due to losses incurred in the packaging business and the provisions made for the cost of transferring the packaging operation from Malaysia to Myanmar. The consumer products profit decreased due to lower sales while the film exhibition and distribution profit was lower due to higher operating expenses from upgrading of cinema facilities and pre-operating expenses of new cinemas. The property development and investment segment recorded higher profits in 4Q2014 from sale of an investment property and profit recognition from the Masera bungalow project. The environmental engineering, waste management and utilities segment turned around with profit recognised from projects that had reached the procurement and construction stages. Wilmar contributed higher profits of RM252 million in 4Q2014 compared with RM247 million in the preceding quarter this year.

B3. Prospects for the next financial year

The Malaysian economy as reported is expected to remain on a steady growth path in the coming year. While consumer sentiment is likely to be cautious in light of the volatile commodity markets and the impending implementation of the Goods and Services Tax, the stable rise in income and employment are expected to support household spending.

The performance of the Group's flour, feed and food-related businesses should be sustainable, based on their enlarged distribution channels and market share. The cinema business looks forward to the strong line-up of film title releases in 2015 which should drive higher admissions to the existing cinemas as well as new cinemas to be opened in the coming year. The property division is expected to perform satisfactorily despite subdued sentiments in the local property market. The environmental engineering segment should achieve higher revenue in the year as the contracts in hand progress to the main construction phases.

Domestic demand will remain as the main driving factor for the Group's core businesses while the overall consolidated financial results in 2015 will continue to be substantially supported by Wilmar's business performance.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Profit before tax

	Individual Quarter 3 months ended 31-Dec-14 RM'000	Cumulative Quarter 12 months ended 31-Dec-14 RM'000
Profit before tax is stated after crediting :-		
Dividend income	1,276	9,676
Fair value (loss)/gain on derivatives	(33,929)	18,653
Foreign exchange gain	20,459	23,611
Gain on disposal of investment property	2,107	2,107
Gain on disposal of an associate	1,569	1,569
Impairment of property, plant and equipment written back	759	759
Impairment of investment property written back	44	44
Interest income	4,668	18,222
Income from short-term fund placements	3,619	10,800
Rental income	892	3,460
Profit before tax is stated after charging :-		
Allowance for doubtful debts and write off of receivables	(7,610)	(10,337)
Depreciation and amortisation	(32,106)	(112,447)
Fair value loss on derivatives	(6,109)	(11,662)
Foreign exchange loss	(11,057)	(19,693)
Inventories written down	(6,464)	(6,464)
Impairment of goodwill	(739)	(739)
Interest expense	(5,866)	(21,279)
Loss on liquidation of an associate	-	(506)
Loss on financial assets at fair value through profit or loss	(75)	(787)

B6. Taxation

	Individual Quarter 3 months ended 31-Dec-14 RM'000	Cumulative Quarter 12 months ended 31-Dec-14 RM'000
Taxation comprises :-		
Malaysian taxation		
Current	15,777	79,038
Deferred	(2,053)	5,814
	13,724	84,852
Foreign taxation		
Current	228	1,721
Deferred	3,139	3,804
	17,091	90,377
(Over)/Underprovision in prior year		
Current	(261)	401
Deferred	(1,745)	(1,551)
	15,085	89,227

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

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at 20 February 2015.

B8. Group borrowings

Total Group borrowings as at 31 December 2014 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	84,036	84,036	-
Hire purchase liabilities	41	41	-
Repayments due within the next 12 months	(22,087)	(22,087)	-
	<u>61,990</u>	<u>61,990</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	188,283	-	188,283
Short-term loans	2,550	-	2,550
Short-term loans (USD)	167,815	-	167,815
Short-term loans (IDR)	107,061	-	107,061
Short-term loans (VND)	3,528	-	3,528
Current portion of long-term loans	22,052	22,052	-
Hire purchase liabilities	35	35	-
	<u>491,324</u>	<u>22,087</u>	<u>469,237</u>
Bank overdrafts	271	-	271
	<u>491,595</u>	<u>22,087</u>	<u>469,508</u>

B9. Material litigation

There was no material litigation as at 20 February 2015.

B10. Dividends

The Board of Directors is pleased to recommend a final single tier dividend for the financial year ended 31 December 2014 of 16 sen per share (2013 : 17 sen per share single tier) payable on Friday, 29 May 2015 subject to the approval of shareholders at the 46th Annual General Meeting to be held on Wednesday, 13 May 2015.

Together with the interim single tier dividend of 7 sen per share paid on 26 September 2014, the total dividend paid and payable for the financial year ended 31 December 2014 would be 23 sen per share single tier (2013 - Interim : 8 sen per share single tier; Final : 17 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, 29 May 2015 to shareholders whose names appear in the Record of Depositors at the close of business on Monday, 18 May 2015.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Monday, 18 May 2015 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 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
2014	Final dividend (proposed)	16 sen	29 May 2015

B11. Earnings per share

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

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

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

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

B13. Realised and unrealised profits/losses

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

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :-		
- Realised	12,380,925	12,208,286
- Unrealised	(92,733)	(77,622)
	<u>12,288,192</u>	<u>12,130,664</u>
Total share of retained profits/(accumulated losses) from associates :-		
- Realised	149,566	121,849
- Unrealised	(1,587)	(1,675)
- Wilmar International Limited ("Wilmar") *	4,620,617	4,142,851
Total share of retained profits from joint venture :-		
- Realised	8,034	6,849
	<u>17,064,822</u>	<u>16,400,538</u>
Less : consolidation adjustments	(2,175,512)	(2,149,157)
Total Group retained profits as per consolidated accounts	<u><u>14,889,310</u></u>	<u><u>14,251,381</u></u>

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

Kuala Lumpur
27 February 2015

By Order of the Board
Mah Teck Keong
Company Secretary