

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2008

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2008

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Continuing operations</u>				
Revenue	978,962	760,425	2,629,686	2,178,557
Operating expenses	(798,042)	(690,927)	(2,239,216)	(1,989,637)
Other operating income	8,265	8,455	20,789	18,171
Profit from operations	189,185	77,953	411,259	207,091
Net profit from investing activities	20,305	20,653	78,787	92,799
Share of associated companies' profits less losses	53,128	140,494	550,025	144,958
Share of joint venture's profits	207	198	573	526
Finance costs	(3,826)	(1,168)	(6,532)	(3,436)
Profit before taxation	258,999	238,130	1,034,112	441,938
Taxation	(47,534)	(17,037)	(102,047)	(60,709)
Profit for the period from continuing operations	211,465	221,093	932,065	381,229
<u>Discontinued operations</u>				
Profit for the period from discontinued operations, net of tax	-	-	-	168,137
Gain on sale of discontinued operations	-	(53)	-	6,392,841
Profit for the period	211,465	221,040	932,065	6,942,207
Attributable to :				
Shareholders of the Company	207,007	218,512	923,228	6,900,205
Minority interests	4,458	2,528	8,837	42,002
Profit for the period	211,465	221,040	932,065	6,942,207
Basic earnings per share (sen)				
- continuing operations	17.46	18.43	77.88	31.86
- discontinued operations	-	-	-	550.19
	17.46	18.43	77.88	582.05

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual
Financial Statements for the year ended 31 December 2007
and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Balance Sheets

	As at 30-Sep-08 RM'000	As at 31-Dec-07 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	934,825	810,852
Investment properties	168,959	163,835
Biological assets	2,892	2,681
Prepaid lease payments	129,458	131,635
Goodwill	73,093	73,033
Other intangible assets	2,559	2,977
Land held for property development	6,080	3,693
Investment in associated companies	9,317,488	8,587,695
Investment in jointly controlled entity	44,759	39,403
Other investments	418,357	419,699
Deferred tax assets	205	1,431
	<u>11,098,675</u>	<u>10,236,934</u>
Current Assets		
Inventories	657,488	489,902
Biological assets	26,908	21,339
Other intangible assets	7,956	9,476
Property development costs	37,708	28,684
Receivables	525,483	487,573
Cash, bank balances and deposits	330,205	700,658
	<u>1,585,748</u>	<u>1,737,632</u>
Non-current assets classified as held for sale	9,009	9,479
	<u>1,594,757</u>	<u>1,747,111</u>
TOTAL ASSETS	<u>12,693,432</u>	<u>11,984,045</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	10,612,942	10,244,265
Equity attributable to shareholders of the Company	<u>11,798,442</u>	<u>11,429,765</u>
Minority interests	165,899	137,288
Total equity	<u>11,964,341</u>	<u>11,567,053</u>

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Balance Sheets

	As at 30-Sep-08 RM'000	As at 31-Dec-07 RM'000
Non-current Liabilities		
Long term borrowings	64,811	20,504
Deferred tax liabilities	71,453	68,823
	<u>136,264</u>	<u>89,327</u>
Current Liabilities		
Payables	265,026	280,218
Short term borrowings	272,333	36,471
Taxation	55,468	10,976
	<u>592,827</u>	<u>327,665</u>
Total liabilities	<u>729,091</u>	<u>416,992</u>
TOTAL EQUITY AND LIABILITIES	<u>12,693,432</u>	<u>11,984,045</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>9.95</u>	<u>9.64</u>
Net assets per share (RM)	<u>10.09</u>	<u>9.76</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement Of Changes In Equity
For The Period Ended 30 September 2008

			Non-distributable		Distributable		Attributable to shareholders of the Company RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000			
<u>9 months ended 30 September 2008</u>									
At 1 January 2008	1,185,500	6,715	55,492	(174,846)	239,060	10,117,844	11,429,765	137,288	11,567,053
Net gains/(losses) recognised directly to equity	-	-	5,792	278,845	(29,962)	13,274	267,949	3,408	271,357
Profit for the period	-	-	-	-	-	923,228	923,228	8,837	932,065
Total recognised income and expenses for the period	-	-	5,792	278,845	(29,962)	936,502	1,191,177	12,245	1,203,422
Transfer of reserves	-	-	(764)	-	13,415	(12,651)	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	(59)	(59)
Shares issued to minority shareholder of a subsidiary	-	-	-	-	-	-	-	17,003	17,003
Dividends	-	-	-	-	-	(822,500)	(822,500)	(578)	(823,078)
At 30 September 2008	1,185,500	6,715	60,520	103,999	222,513	10,219,195	11,798,442	165,899	11,964,341
<u>9 months ended 30 September 2007</u>									
At 1 January 2007	1,185,500	6,715	160,540	(33,901)	175,855	3,149,975	4,644,684	886,641	5,531,325
Net gains/(losses) recognised directly to equity	-	-	5,697	(36,754)	(46,132)	-	(77,189)	(7,922)	(85,111)
Profit for the period	-	-	-	-	-	6,900,205	6,900,205	42,002	6,942,207
Total recognised income and expenses for the period	-	-	5,697	(36,754)	(46,132)	6,900,205	6,823,016	34,080	6,857,096
Transfer of reserves	-	-	(106,895)	-	(45,600)	152,495	-	-	-
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	(673,304)	(673,304)
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	(29,241)	(29,241)
Shares issued to minority shareholders of subsidiaries	-	-	-	-	-	-	-	9,886	9,886
Capital reduction by subsidiaries	-	-	-	-	-	-	-	(53,700)	(53,700)
Dividends	-	-	-	-	-	(173,083)	(173,083)	(15,581)	(188,664)
At 30 September 2007	1,185,500	6,715	59,342	(70,655)	84,123	10,029,592	11,294,617	158,781	11,453,398

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Cash Flow Statements
For The Period Ended 30 September 2008

	9 months ended 30 September	
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	1,034,112	441,938
Discontinued operations	-	6,592,382
	1,034,112	7,034,320
Adjustments :-		
Non-cash items	(497,040)	(160,696)
Non-operating items	(70,332)	(6,454,055)
Operating profit before working capital changes	466,740	419,569
Working capital changes		
Net change in current assets	(212,385)	(274,673)
Net change in current liabilities	(20,988)	9,960
Cash generated from operations	233,367	154,856
Tax paid	(58,225)	(79,175)
Net cash generated from operating activities	175,142	75,681
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(179,791)	(212,224)
Proceeds from disposal of property, plant and equipment	9,668	6,871
Purchase of investments	(7,130)	(196,356)
Proceeds from sale of investments	374	25,638
Redemption of preference shares in an associated company	-	33,912
Dividends received	144,862	87,900
Interest received	12,343	18,663
Subsidiary companies - net cash disposed	-	(77,633)
Other investing activities	2,490	2,340
Net cash used in investing activities	(17,184)	(310,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to minority shareholder of a subsidiary company	17,003	9,886
Bank borrowings	277,438	371,226
Interest paid	(6,513)	(17,513)
Dividends paid	(823,078)	(188,664)
Other financing activities	4,619	(59,329)
Net cash (used in)/generated from financing activities	(530,531)	115,606
Net decrease in cash and cash equivalents	(372,573)	(119,602)
Cash and cash equivalents at 1 January	699,411	750,981
Effect of exchange rate changes	2,277	(3,122)
Cash and cash equivalents at 30 September	329,115	628,257
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	99,035	72,044
Bank deposits	231,135	562,365
Bank overdrafts	(1,055)	(6,152)
	329,115	628,257

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report.)

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NOTES

A. FRS (Financial Reporting Standards) 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 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 2007.

The adoption of the following revised FRSs from financial period beginning on 1 January 2008 are as follows :-

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have any significant financial impact on the Group.

A2. Seasonal 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 affect the assets, liabilities, equity, net income and cash flows of the Group during the current period under review.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in prior financial years 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 and 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 30-Sep-2008 RM'000	Cumulative Quarter 9 months ended 30-Sep-2008 RM'000
<u>Dividends paid on ordinary shares</u>		
2008 : Special dividend - 62 sen less 26% income tax	-	543,907
2007 : Final dividend - 25 sen less 26% income tax	-	219,318
2008 : Interim dividend - 5 sen single tier dividend	59,275	59,275
	<u>59,275</u>	<u>822,500</u>

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A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 2008

<i>All figures in RM'000</i>	Sugar refining and cane plantation	Grains trading, flour and feed milling	Livestock farming	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
Information About Business Segments:										
REVENUE										
External sales	735,970	1,011,270	51,763	129,010	130,235	55,277	122,845	393,316	-	2,629,686
Inter-segment sales	-	73,321	11,930	-	-	1,056	333	14,341	(100,981)	-
Total revenue	<u>735,970</u>	<u>1,084,591</u>	<u>63,693</u>	<u>129,010</u>	<u>130,235</u>	<u>56,333</u>	<u>123,178</u>	<u>407,657</u>	<u>(100,981)</u>	<u>2,629,686</u>
RESULT										
Segment operating results	133,510	196,798	(4,389)	3,170	18,040	18,350	9,739	47,012	211	422,441
Unallocated corporate expenses										(11,182)
Profit from operations										411,259
Investing activities										78,787
Share of associated companies' profits less losses	2,026	9,338	-	4,549	892	4,203	-	529,017	-	550,025
Share of joint venture's profits	-	-	-	573	-	-	-	-	-	573
Finance costs										(6,532)
Profit before taxation										<u>1,034,112</u>

PPB GROUP BERHAD (8167-W)**A8. Valuation of Property, Plant and Equipment**

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A9. 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.

A10. 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 subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period under review, except for the following :-

- (a) On 15 April 2008, FFM Feedmills (Sarawak) Sdn Bhd, a 75% indirect subsidiary of PPB, disposed of its 100% equity interest of 2 ordinary shares of RM1.00 each in Sri Aman Feedmills Sdn Bhd for a cash consideration of RM2.00 and Sri Aman Feedmills Sdn Bhd ceased to be a subsidiary of PPB.
- (b) On 15 May 2008, PPB Leisure Holdings Sdn Bhd ("PPBLH"), a wholly-owned subsidiary of PPB, acquired from Golden Harvest Films Distribution Holdings Ltd, British Virgin Islands, its entire shareholding of 100,000 ordinary shares of RM1.00 each representing 50% equity interest in Golden Screen Film Distribution Co Sdn Bhd ("GSFDC") for cash at par totaling RM100,000 and GSFDC has become an indirect subsidiary of PPB. Prior to the acquisition, PPBLH owned 50% equity interest in GSFDC.

A11. Changes in contingent liabilities or contingent assets

	As at 30-Sep-08 RM'000	As at 31-Dec-07 RM'000
<u>Contingent liabilities</u>		
Unsecured guarantees issued in consideration of credit facilities given to an associated company	2,550	2,550

Chemquest Sdn Bhd, a 55% owned subsidiary of PPB, has granted unsecured corporate guarantees to a third party in respect of works being carried out by its 70% indirect subsidiary, Cipta Wawasan Maju Engineering Sdn Bhd.

Contingent assets

There were no contingent assets as at the end of the current interim period.

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B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance for the financial period**

Group revenue for continuing operations of RM2.63 billion for the period ended 30 September 2008 was 21% higher compared with RM2.18 billion in 2007. The increase was mainly due to higher selling prices for specialty flour and animal feed. All other divisions also contributed higher revenue except for the sugar refining division.

Group profit before tax for continuing operations of RM1.03 billion was substantially higher compared with RM442 million in the corresponding period last year. Wilmar International Limited ("Wilmar") an associate company of the Group contributed a significant profit of RM517 million for the nine months period. The other divisions registered satisfactory results.

(Note : PPB Group has not recognised its share of RM176 million of Wilmar's unrealised net gain from financial instruments as FRS 139 - Financial Instruments : Recognition and Measurements is not yet effected by the Malaysian Accounting Standards Board.)

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

Group profit before tax for continuing operations of RM259 million for the quarter under review was 28% lower when compared with RM358 million registered in the preceding quarter. This was mainly due to lower contribution from Wilmar in the 3rd quarter after excluding the unrealised net gain from financial instruments, despite better performance by the sugar refining and flour milling divisions.

B3. Prospects for current financial year

The current global economic crisis has created extreme volatility and uncertainty in the business operating environment. Nevertheless, the Group's operations for the financial year 2008 are expected to perform satisfactorily and with higher contributions from Wilmar, the overall results for 2008 will be better than that of the previous year.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 30-Sep-2008 RM'000	Cumulative Quarter 9 months ended 30-Sep-2008 RM'000
Malaysian taxation based on profit for the period:-		
Current	44,403	97,820
Deferred	1,407	1,599
	45,810	99,419
Foreign taxation		
Current	866	1,400
Deferred	9	1,192
	46,685	102,011
(Over)/underprovision		
Current	884	958
Deferred	(35)	(922)
	47,534	102,047

The effective tax rate is lower than the average statutory rate for the period mainly due to tax exempt income and utilisation of reinvestment allowance by certain subsidiaries.

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B6. Profit/Loss on sale of unquoted investments and/or properties

There were no sales of unquoted investment. However there was a gain on the disposal of property amounting to RM4.5 million for the current quarter and financial period to-date.

B7. Quoted securities

- (a) Total purchases and disposals of quoted securities for the current quarter and financial period to-date were as follows :-

	Individual Quarter 3 months ended 30-Sep-2008 RM'000	Cumulative Quarter 9 months ended 30-Sep-2008 RM'000
Total purchases	-	61
Total proceeds from disposals	4	4
Profit on disposals	-	-

- (b) Total investments in quoted securities as at 30 September 2008 were as follows:-

	RM'000
At cost	420,406
At book value	417,928
At market value	751,933

B8. Status of corporate proposals

- (a) On 1 November 2006, Mantap Aman Sdn Bhd, an indirect subsidiary of PPB had entered into a joint-venture agreement with Millerstar Pte Ltd, Singapore to construct and operate a wheat flour mill facility at Cilegon, Republic of Indonesia to be undertaken by a joint-venture company called P.T. Pundi Kencana.

The construction of the flour mill is still in progress and is expected to be commissioned in June 2009 based on current schedule.

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B9. Group borrowings

Total Group borrowings as at 30 September 2008 were as follows:-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans (USD)	50,354	50,354	-
Long term bank loans (CNY)	17,140	-	17,140
Hire purchase liabilities	291	291	-
Hire purchase liabilities (SGD)	72	72	-
Repayments due within the next 12 months	(3,046)	(186)	(2,860)
	<u>64,811</u>	<u>50,531</u>	<u>14,280</u>
Short term bank borrowings			
Bills payable	239,932	-	239,932
Short term loans	28,300	-	28,300
Current portion of long term loans	2,860	-	2,860
Hire purchase liabilities	174	174	-
Hire purchase liabilities (SGD)	12	12	-
	<u>271,278</u>	<u>186</u>	<u>271,092</u>
Bank overdrafts	1,055	-	1,055
	<u>272,333</u>	<u>186</u>	<u>272,147</u>

B10. Off Balance Sheet Financial Instruments**Foreign Currency Contracts**

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument and where the foreign exchange contracts are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

As at 21 November 2008, the Group's outstanding foreign currency contracts were as follows :-

Currency	Contract Amount '000	Equivalent Amount in RM'000
<u>Forward Contracts Bought</u>		
US Dollar	32,788	116,340
Euro	380	1,723
Japanese Yen	22,400	683
British Pound	65	363
<u>Forward Contracts Sold</u>		
US Dollar	13,273	45,689

These contracts are short term in nature and the majority are due to mature within the next two months.

There is minimal credit risk because these contracts are entered into with licensed financial institutions. There is no cash requirement for these instruments other than a minimal fee.

B11. Material litigation

There was no material litigation pending as at 21 November 2008.

PPB GROUP BERHAD (8167-W)**B12. Dividend**

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

Dividends Paid/Payable

Dividends paid and payable for the financial year 2007 and up to the date of this report are as follows :-

Financial Year	Type	Rate	Payment Date
2007	Interim dividend	5 sen less 27% income tax	28 September 2007
2007	Final dividend	25 sen less 26% income tax	6 June 2008
2008	Special dividend	62 sen less 26% income tax	12 May 2008
2008	Interim single tier dividend	5 sen single tier dividend	29 September 2008

B13. Earnings per Share

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

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

B14. Disclosure of audit report qualification and status of matters raised

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

Kuala Lumpur
27 November 2008

By Order of the Board
Tan Teong Boon
Company Secretary