

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2009

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 31 March 2009

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	772,505	808,888	772,505	808,888
Operating expenses	(754,804)	(684,018)	(754,804)	(684,018)
Other operating income	7,892	8,427	7,892	8,427
Profit from operations	25,593	133,297	25,593	133,297
Net profit from investing activities	173	6,904	173	6,904
Share of net profit less losses of associates	257,250	277,523	257,250	277,523
Share of net profits of jointly controlled entity	245	180	245	180
Finance costs	(2,449)	(935)	(2,449)	(935)
Profit before tax	280,812	416,969	280,812	416,969
Taxation	(9,381)	(32,646)	(9,381)	(32,646)
Profit for the period	271,431	384,323	271,431	384,323
Attributable to :				
Shareholders of the Company	271,835	383,098	271,835	383,098
Minority interests	(404)	1,225	(404)	1,225
Profit for the period	271,431	384,323	271,431	384,323
Basic earnings per share (sen)	22.93	32.32	22.93	32.32

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report.)

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

	As at 31-Mar-09 RM'000	As at 31-Dec-08 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	974,538	957,970
Investment properties	168,308	168,436
Biological assets	2,922	2,943
Prepaid lease payments	131,708	132,292
Goodwill	73,086	73,086
Other intangible assets	2,270	2,519
Land held for property development	6,504	6,459
Investments in associates	10,739,667	9,699,666
Investment in jointly controlled entity	48,509	45,849
Other investments	-	398,111
Available-for-sale investments	700,607	-
Financial assets at fair value through profit or loss	3,320	-
Deferred tax assets	3,310	3,315
	<u>12,854,749</u>	<u>11,490,646</u>
Current Assets		
Inventories	625,012	706,444
Biological assets	23,151	27,404
Other intangible assets	6,632	7,977
Property development costs	38,426	38,297
Receivables	426,290	445,282
Derivative financial instruments	1,037	-
Cash, bank balances and deposits	460,455	491,186
	<u>1,581,003</u>	<u>1,716,590</u>
Non-current assets classified as held for sale	9,009	9,009
	<u>1,590,012</u>	<u>1,725,599</u>
TOTAL ASSETS	<u>14,444,761</u>	<u>13,216,245</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	12,415,627	11,047,291
Equity attributable to shareholders of the Company	<u>13,601,127</u>	<u>12,232,791</u>
Minority interests	161,090	160,088
Total equity	<u>13,762,217</u>	<u>12,392,879</u>

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

	As at 31-Mar-09 RM'000	As at 31-Dec-08 RM'000
Non-current Liabilities		
Long term borrowings	73,097	65,995
Deferred tax liabilities	73,709	74,312
	<u>146,806</u>	<u>140,307</u>
Current Liabilities		
Payables	256,597	348,447
Derivative financial instruments	270	-
Short term borrowings	270,224	315,290
Taxation	8,647	19,322
	<u>535,738</u>	<u>683,059</u>
Total liabilities	<u>682,544</u>	<u>823,366</u>
TOTAL EQUITY AND LIABILITIES	<u>14,444,761</u>	<u>13,216,245</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>11.47</u>	<u>10.32</u>
Net assets per share (RM)	<u>11.61</u>	<u>10.45</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 31 March 2009

	Non-distributable						Distributable		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	Fair Value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			Attributable to shareholders of the Company RM'000
3 months ended 31 March 2009											
At 1 January 2009											
As previously stated	1,185,500	6,715	60,675	172,631	-	-	254,191	10,553,079	12,232,791	160,088	12,392,879
Effect on adopting FRS 139	-	-	-	-	204,609	267,585	-	49,654	521,848	89	521,937
Restated	1,185,500	6,715	60,675	172,631	204,609	267,585	254,191	10,602,733	12,754,639	160,177	12,914,816
Net gains/(losses) recognised directly to equity	-	-	-	496,291	102,029	(25,585)	1,918	-	574,653	1,317	575,970
Profit for the period	-	-	-	-	-	-	-	271,835	271,835	(404)	271,431
Total recognised income and expenses for the year	-	-	-	496,291	102,029	(25,585)	1,918	271,835	846,488	913	847,401
Transfer of reserves	-	-	(111)	-	-	-	4,250	(4,139)	-	-	-
At 31 March 2009	1,185,500	6,715	60,564	668,922	306,638	242,000	260,359	10,870,429	13,601,127	161,090	13,762,217
3 months ended 31 March 2008											
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	-	-	-	(113,109)	-	-	(32,507)	13,274	(132,342)	(98)	(132,440)
Profit for the period	-	-	-	-	-	-	-	383,098	383,098	1,225	384,323
Total recognised income and expenses for the period	-	-	-	(113,109)	-	-	(32,507)	396,372	250,756	1,127	251,883
Transfer of reserves	-	-	(183)	-	-	-	6,014	(5,831)	-	-	-
Shares issued to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	8,404	8,404
At 31 March 2008	1,185,500	6,715	55,309	(287,955)	-	-	212,567	10,508,385	11,680,521	146,819	11,827,340

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 March 2009

	3 months ended 31 March	
	2009	2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	280,812	416,969
Adjustments :-		
Non-cash items	(235,045)	(259,919)
Non-operating items	(1,171)	(5,819)
Operating profit before working capital changes	44,596	151,231
Working capital changes		
Net change in current assets	119,648	(12,965)
Net change in current liabilities	(91,167)	(6,117)
Cash generated from operations	73,077	132,149
Tax paid	(28,179)	(17,682)
Net cash generated from operating activities	44,898	114,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(41,196)	(38,760)
Proceeds from disposal of property, plant and equipment, investment properties and prepaid lease payments	58	565
Purchase of investments	(71)	-
Dividends received	1,472	1,415
Interest received	1,883	5,469
Other investing activities	(230)	(189)
Net cash used in investing activities	(38,084)	(31,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to minority shareholder of a subsidiary	-	8,404
Bank borrowings	(37,627)	10,342
Interest paid	(2,475)	(975)
Other financing activities	1,108	2,475
Net cash (used in)/generated from financing activities	(38,994)	20,246
Net (decrease)/increase in cash and cash equivalents	(32,180)	103,213
Cash and cash equivalents at 1 January	489,022	699,411
Effect of exchange rate changes	2,575	(2,031)
Cash and cash equivalents at 31 March	459,417	800,593
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	82,932	72,419
Bank deposits	377,453	730,226
Bank overdrafts	(968)	(2,052)
	459,417	800,593

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

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 2008 except for the early adoption of the following new FRSs and Interpretations, effective from financial period beginning 1 January 2009:-

FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above FRSs and interpretations does not have any significant financial impact on the Group except for FRS 139 disclosed as follows:-

FRS 139 : Financial Instruments : Recognition and Measurement

The adoption of the new FRS 139 has resulted in a change in the accounting policy relating to the recognition and measurement of other investments and derivative financial instruments.

Other investments

Prior to 1 January 2009, other investments are stated at cost less any diminution in value of the investments. The diminution in value is charged to the income statement. With the adoption of FRS 139, other investments held for trading are classified as financial assets at fair value through profit or loss, otherwise these assets are classified as available-for-sale investments.

Financial assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, these financial assets are measured at fair value at balance sheet date with changes in fair value recognised as gains or losses in the income statement.

Available-for-sale investments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value at balance sheet date with changes in fair value recognised in fair value reserve in equity.

Derivative financial instruments

Prior to 1 January 2009, derivative financial instruments are not recognised in the balance sheet. With the adoption of FRS 139, derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at fair value at balance sheet date. Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken directly to the income statement.

PPB GROUP BERHAD (8167-W)

The above changes in accounting policy have been accounted for prospectively and in accordance with the transitional provisions for first time adoption of FRS 139, available-for-sale investments and derivative financial instruments have been re-measured at fair value at 1 January 2009 with the changes in fair value recognised directly in equity under fair value reserve, retained earnings and restating the following opening balances of the Group at 1 January 2009:-

	As previously reported RM'000	Effect RM'000	As restated RM'000
<u>Consolidated Balance Sheet</u>			
Reserves	11,047,291	521,848	11,569,139
Minority interests	160,088	89	160,177
<u>Consolidated Statement of Changes in Equity</u>			
Fair value reserve	-	204,609	204,609
Hedge reserve	-	267,585	267,585
Retained earnings	10,553,079	49,654	10,602,733
Minority interests	160,088	89	160,177

Effects on adopting FRS 139 for the period ended 31 March 2009 :-

<u>Consolidated Income Statement</u>	RM'000
Net gain from derivative financial instruments	782
Fair value loss on financial assets at fair value through profit or loss	(1,324)
Share of net profit less losses of associate	(22,878)
<u>Consolidated Statement of Changes in Equity</u>	
Increase in Fair value reserve	102,029
Reduction in Hedge reserve	(25,585)

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 affected 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

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

PPB GROUP BERHAD (8167-W)

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 31 March 2009

All figures in RM'000

Business Segments:

	Sugar refining, trading and cane plantation	Grains trading, flour and feed milling	Film exhibition and distribution	Environmental engineering, waste management and utilities	Chemicals trading and manufacturing	Property investment and development	Livestock farming	Other operations	Elimination	Consolidated
REVENUE										
External sales	277,668	269,409	44,641	36,304	14,291	13,234	16,742	100,216	-	772,505
Inter-segment sales	-	23,363	-	-	79	351	4,629	8,806	(37,228)	-
Total revenue	<u>277,668</u>	<u>292,772</u>	<u>44,641</u>	<u>36,304</u>	<u>14,370</u>	<u>13,585</u>	<u>21,371</u>	<u>109,022</u>	<u>(37,228)</u>	<u>772,505</u>
RESULTS										
Segment operating results	14,781	4,662	5,233	206	170	4,999	(1,003)	(379)	(522)	28,147
Unallocated corporate expenses										(2,554)
Profit from operations										<u>25,593</u>
Investing activities										173
Share of associates profits less losses	(1,833)	(981)	220	1,299	-	808	-	257,737	-	257,250
Share of joint venture's profits	-	-	-	245	-	-	-	-	-	245
Finance costs										(2,449)
Profit before tax										<u>280,812</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 and year-to-date under review, except for the following:-

Chemquest Sdn Bhd (“Chemquest”), a 55% subsidiary of PPB, has on 6 January 2009 acquired the remaining 700,000 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up share capital in Cipta Quantum Sdn Bhd (“Cipta Quantum”) from the remaining shareholder, for a cash consideration of RM1.00 (“the Acquisition”). Prior to the Acquisition, Chemquest owned 30% equity interest in Cipta Quantum, and with the Acquisition, Cipta Quantum has become a wholly-owned indirect subsidiary of PPB.

A11. Changes in contingent liabilities or contingent assets

	As at 31-Mar-09 RM'000	As at 31-Dec-08 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 company of PPB, has granted unsecured corporate guarantees to a third party in respect of works being carried out by its 70% indirect subsidiary company, Cipta Wawasan Maju Engineering Sdn Bhd.

Contingent assets

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

PPB GROUP BERHAD (8167-W)

B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance for the financial year-to-date**

Group revenue of RM773 million for the first quarter ended 31 March 2009 was 4% lower compared with RM809 million for the same period last year. The decrease was mainly due to lower revenue recorded by the flour and animal feed milling, chemicals trading and property investment divisions.

Group profit before tax was RM281 million against RM417 million last year representing a decrease of about 33%. The decrease was mainly due to higher raw material costs incurred by the sugar refining and flour and milling divisions. Wilmar International Limited ("Wilmar") an associated company of the Group also contributed a profit of RM255 million for the quarter under review.

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

Group profit before tax of RM281 million for the quarter under review was 23% lower when compared with RM367 million in the preceding quarter. This was mainly due to lower contribution from PPB Group's core divisions as well as from Wilmar.

B3. Prospects for current financial year

The global financial and economic crisis is expected to affect the Group's performance for the rest of 2009 in respect of lower demand and margins for the goods and services offered by the Group. In addition, changes in prices of raw materials and ocean freight will be the key factors affecting the Group's profitability. However, Group performance for the year will still remain satisfactory.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 31-Mar-2009 RM'000	Cumulative Quarter 3 months ended 31-Mar-2009 RM'000
Malaysian taxation based on profit for the period:-		
Current	10,625	10,625
Deferred	426	426
	11,051	11,051
Foreign taxation		
Current	(848)	(848)
	10,203	10,203
(Over)/underprovision		
Current	208	208
Deferred	(1,030)	(1,030)
	9,381	9,381

The effective tax rate is higher than the average statutory rate for the period, mainly due to non-deductibility of certain expenses for tax purposes and losses in certain subsidiaries which were not available for tax relief.

PPB GROUP BERHAD (8167-W)

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

There were no sales of unquoted investment and / or properties for the current quarter and financial year-to-date.

B7. Quoted securities

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

	Individual Quarter 3 months ended 31-Mar-2009 RM'000	Cumulative Quarter 3 months ended 31-Mar-2009 RM'000
Total purchases	71	71
Total proceeds from disposals	-	-
Net loss on disposals	-	-

(b) Total investments in quoted securities as at 31 March 2009 were as follows:-

	RM'000
At cost	419,087
At book value/market value	703,499

B8. Status of corporate proposals

On 1 November 2006, Mantap Aman Sdn Bhd, an indirect subsidiary company 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 July 2009 based on the current schedule.

PPB GROUP BERHAD (8167-W)

B9. Group borrowings

Total Group borrowings as at 31 March 2009 were as follows:-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans (USD)	57,963	57,963	-
Long term bank loans (CNY)	18,062	-	18,062
Hire purchase liabilities	205	205	-
Hire purchase liabilities (SGD)	70	70	-
Repayments due within the next 12 months	(3,203)	(189)	(3,014)
	<u>73,097</u>	<u>58,049</u>	<u>15,048</u>
Short term bank borrowings			
Bills payable	198,475	-	198,475
Short term loans	65,950	-	65,950
Short term loans (USD)	1,628	-	1,628
Current portion of long term loans	3,014	-	3,014
Hire purchase liabilities	177	177	-
Hire purchase liabilities (SGD)	12	12	-
	<u>269,256</u>	<u>189</u>	<u>269,067</u>
Bank overdrafts	968	-	968
	<u>270,224</u>	<u>189</u>	<u>270,035</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance financial instruments as at 13 May 2009. The Group adopts FRS 139 - Financial Instruments : Recognition and Measurement which requires all financial instruments to be recognised in the financial statements.

B11. Material litigation

There was no material litigation pending as at 13 May 2009.

B12. Dividend

The single tier final dividend of 18 sen per share for the financial year ended 31 December 2008 was approved by shareholders at the Company's 40th Annual General Meeting held on 15 May 2009 and will be paid on Friday, 5 June 2009.

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

Dividends Paid/Payable

Dividends paid and payable for the financial year 2007, 2008 and up to the date of this report are as follows :-

Financial Year	Type	Rate per share	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 dividend	5 sen single tier dividend	29 September 2008
2008	Final dividend	18 sen single tier dividend	Payable on 5 June 2009

PPB GROUP BERHAD (8167-W)

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
19 May 2009

By Order of the Board
Tan Teong Boon
Mah Teck Keong
Company Secretaries