



# INVESTOR UPDATE

31 December 2008

4th QUARTER REPORT



PPB GROUP BERHAD

Dear Shareholders,

It gives me great pleasure to report that PPB Group ended the financial year 2008 on a high note to achieve its best financial performance to-date.

Excluding the one-time gain of RM6.346 billion recorded in 2007 from the disposal of the oil palm plantations and refinery assets to Wilmar, profit after tax rose 97% to RM1.293 billion compared with RM656.5 million the year before. The better results were mainly due to the significant profit contribution from our 18.3% associate, Wilmar International Limited (Wilmar), of RM895 million.

Group revenue for continuing operations grew 16% to RM3.462 billion due to higher selling prices of specialty flour and animal feed whilst the unaudited consolidated pre-tax profit increased to RM1.401 billion, up 148% from RM564 million.

Earnings per share for continuing operations improved significantly to 108.52 sen from 41.95 sen in year 2007.

In line with the strong financial performance and taking into consideration the economic climate going forward, the Board of Directors has recommended a final single tier dividend of 18 sen per share for the financial year ended 31 December 2008. The final dividend is payable on Friday, 5 June 2009 subject to shareholders' approval at the forthcoming Annual General Meeting.

For the fourth quarter of 2008, PPB donated 150 sets of the "Ladybird Keyword Reading Scheme" to eight (8) schools in Perlis, Penang and Selangor under the "Cultivating the Love for Reading" project. I hope that this reading programme will encourage children to read independently and to develop their love for reading. It is important that children cultivate reading as a hobby from young.

To celebrate Christmas with the less fortunate, staff from PPB and FFM Marketing treated 148 children from 4 orphanages and children from the Semenanjung Orang Asli Ministry (SEMOA) to a movie and lunch. FFM Group also contributed household and food products to 160 families in Air Itam, Penang who were badly hit by the recent floods.

Under the current global financial and economic crisis, it is likely that the Group will face lower demand for its goods and services but our management team is prepared to meet the many challenges expected ahead.

Datuk Oh Siew Nam  
4 March 2009

### 9TH EUROPEAN UNION FILM FESTIVAL



(L-R) - Datin Ho Choy Meng, His Excellency Dr. Donatus Koeck (Ambassador of Austria in Malaysia) & Datuk Dr PHS Lim



Mr Irving Chee (L), General Manager of GSC entertaining his guests



YB Dato Mohammed bin Mohd Daud (Deputy Secretary General of the Ministry of Unity, Culture and National Heritage)

On 5 November 2008, Golden Screen Cinemas Sdn Bhd (GSC) and The Embassy of France jointly launched the European Union Film Festival (EUFF) for the ninth year for fans of international films to discover Europe's latest productions as well as past years' award winning movies. The EUFF dominated GSC's International Screens for 11 days at GSC's key locations in GSC Mid Valley, GSC One Utama and GSC Pavilion, all located in the Klang Valley.

The EUCC offers an alternative view of the European cinema other than the commercial and blockbuster movies from Hollywood and it often shows the creativity and rich diversity of languages and culture. During the festival, 19 films from 14 European countries ranging from comedies to thrillers and from documentaries to dramas were showcased. Amongst the selections for the EUFF were "After the Wedding" from Denmark (nominated for the Best Foreign Film at the Oscars in 2007), "Get Away From Me" from Spain (9 awards), "Paris" from France, "9 and a Half Dates" from Hungary, "La Febbre" from Italy, "A Chicken is no Dog" from Belgium, "Arabian Nights" from Luxembourg and many more.

The many film festivals held at GSC including the prestigious EUCC have brought greater awareness and deep appreciation for GSC International Screens.



(L-R) - Mr Christian Winter (Embassy of Switzerland), Mr Eóin Duggan (Embassy of Ireland), Ms Fabienne Ricordel (Embassy of France) & Mr Viorel Mosanu (Embassy of Romania)

**CULTIVATING THE LOVE FOR READING**

Improving education opportunities especially for the underprivileged children is a major focus of PPB Group's community activities as it believes that education is key to a better future for these children.

PPB initiated the project "Cultivating the Love for Reading" two (2) years ago where ten (10) National, Chinese and Tamil schools in the Klang Valley were given a variety of storybooks complete with brightly coloured pictures to attract children to read. Every storybook has a personal message from PPB's Chairman, Datuk Oh Siew Nam, encouraging children to read whenever and wherever they can and to make reading a hobby as it is enjoyable and will enrich their lives with fresh ideas, creativity and hours of entertainment.

PPB continued with its "Cultivating the Love for Reading" project in 2008 and donated 150 sets of the "Ladybird Keyword Reading Scheme" to eight (8) schools located in Perlis, Penang and Selangor. These schools have committed to dedicate time to guide the children in reading and also monitor their progress in this project.

Through this project, PPB also encourages children to learn and improve their command of the English Language which PPB believes is a vital foundation for higher learning and future career development.



*En Shukor from PPB's Cane Division presenting the books to principals of SK Titi Tinggi (top) and SK LKTP Felda Chuping (bottom)*



## PPB GROUP CELEBRATES CHRISTMAS WITH THE UNDERPRIVILEGED CHILDREN

Christmas is a time of joy, peace, love and giving. Heralding the Christmas mood, PPB Group Berhad (PPB) and its wholly-owned subsidiary, FFM Marketing Sdn Bhd (FFMM), brought 148 excited children from Good Samaritan Home, House of Joy, Rumah Kids, Compassion Home as well as the orang asli children from the Semenanjung Orang Asli Ministry (SEMOA) to watch the movie “Madagascar : Escape 2 Africa” at Golden Screen Cinemas in Mid Valley Megamall on 13 December 2008.

The movie that attracted favourable reviews brought much laughter to the children who thoroughly enjoyed it along with GSC’s popular caramel coated popcorn and drinks. After the movie, the children were treated to a sumptuous buffet spread complete with tasty sausages and nuggets produced and marketed by FFMM. Adding to the Christmas mood, carollers from the Damansara Utama Methodist Church entertained the children with a couple of Christmas carols which prompted all present to sing together.

Christmas is also a time when most children look forward to receiving presents and not forgetting this, PPB Group gave away Christmas gifts as well as tidbits to the children. To the Homes, FFMM donated food and home essentials products.

Overall, it was a fun-filled event enjoyed by all and brought sweet memories especially to those who were experiencing their first outing to the cinema or the shopping mall.



*The guests enjoyed the food particularly, the Seri Murni sausages and nuggets*



*Ms Koh Mei Lee, Senior Manager (Corporate Affairs) of PPB delivering a welcoming speech to the children*



These Homes which shelter children who are abandoned, orphaned, abused, neglected and/or poor can be contacted as follows :-

- Rumah Kids located in Klang - Mr Anbu (016-3417070)
- Good Samaritan Home located in Klang - Pastor Albert Ong (012-2272289)
- Compassion Home located in Subang Jaya - Mr George (03-56379366)
- House of Joy located in Puchong - Ms Lesley Mah (019-3392847)

As for the orang asli, the Semenanjung Orang Asli Ministry which focuses on orang asli education and well-being can be reached at 012-2935177 (Pastor Timothy Cheah).

#### FFM EXTENDS A HAND TO THE POOR AND FLOOD VICTIMS

The recent floods in the northern states of Malaysia especially in Penang, left many families in a devastated state.

Responding to their needs, FFM Berhad, a wholly-owned subsidiary of PPB, contributed household and food products marketed by FFM Marketing Sdn Bhd to 160 families in Air Itam, Penang who were affected by the floods. Whilst distributing the goodies, FFM staff took the opportunity to mingle with the families and realized that a majority were hardcore poor. The recipients were very grateful and thanked FFM staff profusely for the contribution.

The event was a success with the co-operation of Jabatan Kuasa Kemajuan Kampung, Kampung Melayu, Kampung Pisang and Thean Teik.



*FFM Prai staff accompanying YB Wong in giving the goodies to the recipients*



*FFM Prai staff helped packed the goodies for the flood victims*



**STRESS MANAGEMENT TALK**

On 11 November 2008, Mr Paul Jambunathan, a Consultant Clinical and Liaison Psychologist from Sunway Medical Centre and a Senior Lecturer in the School of Medicine, Monash University Malaysia gave an informative and entertaining talk on “Stress Management” organized by PPB for its employees.

The talk gave PPB Group employees a better understanding on the concept of stress and also provided a framework towards functional analyses of what they are “suffering” from and why as well as practical steps towards effective management of stress.

PPB organizes talks for its employees at least twice a year as part of its CSR activities with the aim of bringing awareness to help promote as well as to protect the health and well-being of PPB Group employees.



*Mr Jambunathan gave an informative presentation*



*Mr Paul Jambunathan*



### 4th Quarter Share Analysis

After registering a loss of 14.1% in 3Q2008, the Kuala Lumpur Composite Index (KLCI) declined by a further 13.9% to close at 876.75 points in 4Q2008. Commencing the quarter at 1,018.68 points, the KLCI fell to a 4-year intraday low of 801.27 points in late October in tandem with regional markets on concerns over a steep global economic slowdown following the global credit crisis. The KLCI subsequently rebounded to above the 900 points level in early November before succumbing to selling pressures in line with declines in foreign equity markets. The KLCI retreated further to a low of 835.17 points in early December before rebounding on gains in selected plantation and index stocks to close at 876.75 points for a loss of 13.9% for the quarter.

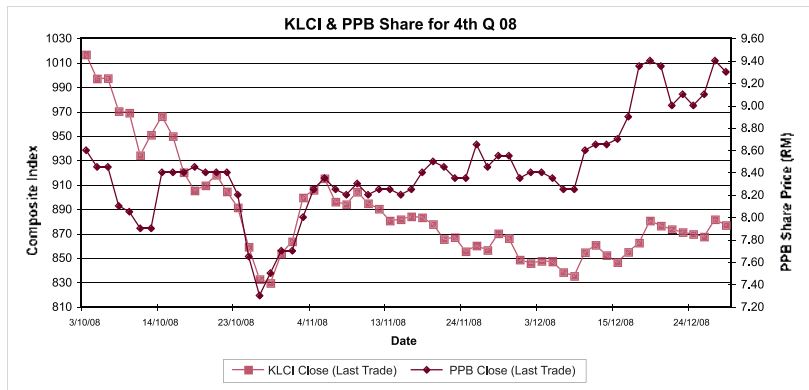
Source : Public Mutual website

PPB share price outperformed the KLCI to close 8.8% higher at RM9.30 compared with RM8.55 in the preceding quarter.

Market capitalization of PPB shares increased to RM11.025 billion although PPB's daily average volume in the quarter decreased by 10.6% to 762,545 shares in view of the weaker market.

### PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 4TH QUARTER 2008

	4th Q 2008	3rd Q 2008	% change
<b>PPB share price</b>			
Closing price (high)	9.40	10.80	-12.96%
Closing price (low)	7.30	8.10	-9.88%
Month end closing price	9.30	8.55	8.77%
Weighted share price	8.31	9.14	-9.08%
Market capitalization (RM' million)	11,025.15	10,136.02	8.77%
<b>PPB share volume</b>			
Daily volume (high)	2,467,700	2,268,800	8.77%
Daily volume (low)	73,300	238,000	-69.20%
Average daily volume	762,545	853,289	-10.63%
<b>Kuala Lumpur Composite Index (KLCI)</b>			
KLCI closing (high)	1,016.70	1,174.83	-13.46%
KLCI closing (low)	829.41	991.66	-16.36%
KLCI month end closing	876.75	1,018.68	-13.93%
<b>Kuala Lumpur Composite Index (KLCI) volume</b>			
Daily volume (high)	623,167,200	290,595,200	>100%
Daily volume (low)	55,986,100	103,517,900	-45.92%
Average daily volume	279,610,102	170,308,635	64.18%



**FINANCIAL STATISTICS FOR THE 4TH QUARTER OF 2008**
*(The figures have not been audited)*

 Financial year ended  
 (All figures in RM million)

	12 MONTHS		%
	31.12.08	31.12.07	Change

**INCOME STATEMENTS**
Continuing operations

Revenue	3,462	2,989	15.8
Profit from operations	411	277	48.4
Profit before taxation	1,401	564	>100.0
Profit for the year from continuing operations, net of tax	1,293	488	>100.0

Discontinued operations

Revenue	0	3,165	(100.0)
Profit from operations	0	130	(100.0)
Profit before taxation	0	200	(100.0)
Profit for the year from discontinued operations, net of tax	0	6,514	(100.0)

Group total

Revenue	3,462	6,154	(43.7)
Profit from operations	411	407	1.0
Profit before taxation	1,401	764	83.4
Profit for the year	1,293	7,002	(81.5)
Profit attributable to Shareholders of the Company	1,287	6,973	(81.5)

**BALANCE SHEET**

Non-current assets	11,490	10,237	12.2
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Current assets

Cash and bank deposits	491	701	(30.0)
Non-current assets classified as held for sale	9	9	0.0
Others	1,226	1,037	18.2
Total current assets	1,726	1,747	(1.2)

<b>Total assets</b>	<b>13,216</b>	<b>11,984</b>	<b>10.3</b>
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Equity

Share capital	1,186	1,186	0.0
Reserves	11,047	10,244	7.8
Equity attributable to Shareholders of the Company	12,233	11,430	7.0
Minority interests	160	137	16.8
Total equity	12,393	11,567	7.1

Non-current liabilities

Bank borrowings	66	20	>100.0
Others	74	69	7.2
Total non-current liabilities	140	89	57.3

Financial year ended (All figures in RM million)	12 MONTHS		% Change
	31.12.08	31.12.07	
<b>Current liabilities</b>			
Bank borrowings	315	36	>100.0
Others	368	292	26.0
Total current liabilities	683	328	>100.0
Total liabilities	823	417	97.4
<b>Total equity and liabilities</b>	<b>13,216</b>	<b>11,984</b>	<b>10.3</b>
<b>RATIOS</b>			
Return on equity attributable to shareholders of the Company	(%)	10.5	61.0
Earnings per share	(sen)	108.5	588.2
Interest coverage	(times)	165.0	55.6*
Current ratio	(times)	2.5	5.3
Total borrowings/Equity	(%)	3.1	0.5
Long term borrowings/Equity	(%)	0.5	0.2
Net assets per share attributable to shareholders of the Company	(RM)	10.3	9.6
Net assets per share	(RM)	10.5	9.8
Net dividend per share	(sen)	68.9	22.1
<b>STOCK MARKET INFORMATION</b>			
Share price	(RM)	9.30	11.00
Market capitalisation	(RM million)	11,030	13,046
PE ratio	(times)	8.6	20.80*

\* Exclude the one-time gain from disposal of PPB Oil Palms Bhd, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd amounting to RM6.346 billion.

**QUARTERLY REPORT**

CONDENSED CONSOLIDATED INCOME STATEMENTS For The Year Ended 31 December 2008

*(The figures have not been audited)*

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Continuing operations</u>				
Revenue	832,338	810,885	3,462,024	2,989,442
Operating expenses	(839,858)	(744,773)	(3,079,074)	(2,734,410)
Other operating income	7,754	4,275	28,543	22,446
Profit from operations	234	70,387	411,493	277,478
Net (loss)/profit from investing activities	(20,613)	(31,445)	58,174	61,354
Share of associated companies' profits less losses	387,917	84,277	937,942	229,235
Share of joint venture's profits	1,002	(214)	1,575	312
Finance costs	(2,010)	(1,007)	(8,542)	(4,443)
Profit before taxation	366,530	121,998	1,400,642	563,936
Taxation	(5,171)	(14,902)	(107,218)	(75,611)
Profit for the period from continuing operations	361,359	107,096	1,293,424	488,325
<u>Discontinued operations</u>				
Profit for the period from discontinued operations, net of tax	-	-	-	168,137
Gain on sale of discontinued operations	-	-	-	6,346,050
Profit for the year	361,359	107,096	1,293,424	7,002,512
Attributable to :-				
Shareholders of the Company	363,281	119,551	1,286,509	6,972,965
Minority interests	(1,922)	(12,455)	6,915	29,547
Profit for the year	361,359	107,096	1,293,424	7,002,512
Basic earnings per share (sen) :-				
- continuing operations	30.64	10.08	108.52	41.95
- discontinued operations	-	-	-	546.24
	30.64	10.08	108.52	588.19

(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.)

	<i>As at</i> 31-Dec-2008 RM'000	<i>As at</i> 31-Dec-2007 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	957,970	810,852
Investment properties	168,436	163,835
Biological assets	2,943	2,681
Prepaid lease payments	132,292	131,635
Goodwill	73,086	73,033
Other intangible assets	2,519	2,977
Land held for property development	6,459	3,693
Investment in associated companies	9,699,666	8,587,695
Investment in jointly controlled entity	45,849	39,403
Other investments	398,111	419,699
Deferred tax assets	3,315	1,431
	<u>11,490,646</u>	<u>10,236,934</u>
<b>Current Assets</b>		
Inventories	706,444	489,902
Biological assets	27,404	21,339
Other intangible assets	7,977	9,476
Property development costs	38,297	28,684
Receivables	445,282	487,573
Cash, bank balances and deposits	491,186	700,658
	<u>1,716,590</u>	<u>1,737,632</u>
Non-current assets classified as held for sale	9,009	9,479
	<u>1,725,599</u>	<u>1,747,111</u>
<b>TOTAL ASSETS</b>	<u>13,216,245</u>	<u>11,984,045</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	11,047,291	10,244,265
Equity attributable to shareholders of the Company	12,232,791	11,429,765
Minority interests	160,088	137,288
<b>Total equity</b>	<u>12,392,879</u>	<u>11,567,053</u>

	<i>As at</i> 31-Dec-2008 RM'000	<i>As at</i> 31-Dec-2007 RM'000
<b>Non-current Liabilities</b>		
Long term borrowings	65,995	20,504
Deferred tax liabilities	74,312	68,823
	<u>140,307</u>	<u>89,327</u>
<b>Current Liabilities</b>		
Payables	348,447	280,218
Short term borrowings	315,290	36,471
Taxation	19,322	10,976
	<u>683,059</u>	<u>327,665</u>
<b>Total liabilities</b>	<u>823,366</u>	<u>416,992</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>13,216,245</u>	<u>11,984,045</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>10.32</u>	<u>9.64</u>
Net assets per share (RM)	<u>10.45</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.)

	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
Continuing operations	1,400,642	563,936
Discontinued operations	-	6,545,591
	1,400,642	7,109,527
Adjustments :-		
Non-cash items	(777,223)	(6,497,444)
Non-operating items	(76,746)	(72,180)
Operating profit before working capital changes	546,673	539,903
Working capital changes		
Net change in current assets	(246,076)	(326,179)
Net change in current liabilities	40,438	67,333
Cash generated from operations	341,035	281,057
Tax paid	(98,876)	(101,561)
<b>Net cash generated from operating activities</b>	<b>242,159</b>	<b>179,496</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(220,614)	(256,387)
Proceeds from disposal of property, plant and equipment, investment properties & prepaid lease payments	15,214	4,486
Purchase of investments	(14,179)	(205,197)
Proceeds from sale of investments	1,414	53,429
Redemption of preference shares in an associated company	-	33,823
Dividends received	229,542	94,562
Interest received	15,589	25,762
Repayment from/(advances to) associated companies	232	(345)
Subsidiary companies - net cash disposed	-	(76,366)
Other investing activities	3,979	3,808
<b>Net cash generated from/(used in) investing activities</b>	<b>31,177</b>	<b>(322,425)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued to minority shareholders of a subsidiary company	15,386	698
Bank borrowings	325,833	358,644
Interest paid	(7,793)	(18,801)
Dividends paid	(824,091)	(190,666)
Advances from/(repayment to) associated companies and joint venture	4,975	(5,382)
Other financing activities	-	(53,700)
<b>Net cash (used in)/generated from financing activities</b>	<b>(485,690)</b>	<b>90,793</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(212,354)</b>	<b>(52,136)</b>
Cash and cash equivalents at 1 January	699,411	750,981
Effect of exchange rate changes	1,965	566
<b>Cash and cash equivalents at 31 December</b>	<b>489,022</b>	<b>699,411</b>
<b>Cash and cash equivalent represented by :-</b>		
Cash & bank	79,558	66,338
Bank deposits	411,558	634,285
Bank overdrafts	(2,094)	(1,212)
	489,022	699,411

(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.)



## QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For The Year Ended 31 December 2008

### 12 months ended 31 December 2008

At 1 January 2008

 Net gains/(losses) recognised directly to equity  
 Profit for the year

 Total recognised income and expenses for the year  
 Transfer of reserves  
 Acquisition of additional shares in an existing subsidiary company  
 Shares issued to minority shareholder of a subsidiary company  
 Dividends  
 At 31 December 2008

### 12 months ended 31 December 2007

At 1 January 2007

 Net gains/(losses) recognised directly to equity  
 Profit for the year

 Total recognised income and expenses for the year  
 Transfer of reserves  
 Disposal of shares in subsidiary companies  
 Acquisition of additional shares in an existing subsidiary company  
 Shares issued to minority shareholders of a subsidiary company  
 Disposal of shares in subsidiary companies  
 Capital reduction by subsidiary companies  
 Dividends  
 At 31 December 2007

Share capital RM'000	Share premium RM'000
1,185,500	6,715
-	-
-	-
-	-
-	-
-	-
1,185,500	6,715
1,185,500	6,715
-	-
-	-
-	-
-	-
-	-
-	-
-	-
1,185,500	6,715

Non-distributable				Distributable		Minority interests RM'000	Total equity RM'000
Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Attributable to shareholders of the Company RM'000			
55,492	(174,846)	239,060	10,117,844	11,429,765		137,288	11,567,053
5,791	347,477	(27,526)	13,275	339,017		2,149	341,166
-	-	-	1,286,509	1,286,509		6,915	1,293,424
5,791	347,477	(27,526)	1,299,784	1,625,526		9,064	1,634,590
(608)	-	42,657	(42,049)	-		-	-
-	-	-	-	-		(59)	(59)
-	-	-	-	-		15,386	15,386
-	-	-	(822,500)	(822,500)		(1,591)	(824,091)
60,675	172,631	254,191	10,553,079	12,232,791		160,088	12,392,879
160,540	(33,901)	175,855	3,149,975	4,644,684		886,641	5,531,325
8,011	(144,024)	120,364	848	(14,801)		(5,802)	(20,603)
-	-	-	6,972,965	6,972,965		29,547	7,002,512
8,011	(144,024)	120,364	6,973,813	6,958,164		23,745	6,981,909
(113,059)	3,079	(57,159)	167,139	-		-	-
-	-	-	-	-		(682,778)	(682,778)
-	-	-	-	-		(29,241)	(29,241)
-	-	-	-	-		9,506	9,506
-	-	-	-	-		698	698
-	-	-	-	-		(53,700)	(53,700)
-	-	-	(173,083)	(173,083)		(17,583)	(190,666)
55,492	(174,846)	239,060	10,117,844	11,429,765		137,288	11,567,053

(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.)

**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 following revised FRSs were adopted from financial period beginning on 1 January 2008 :-

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.

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the year ended 31 December 2008

<i>All figures in RM'000</i> <b>Business Segments:</b>	Sugar refining and cane plantation	Grains trading, flour and feed milling	Livestock farming	Environmental engineering, waste management and utilities	Film exhibition and distribution
<b>REVENUE</b>					
External sales	973,458	1,330,024	71,412	185,804	177,533
Inter-segment sales	-	97,149	16,041	-	-
Total revenue	973,458	1,427,173	87,453	185,804	177,533
<b>RESULTS</b>					
Segment operating results	156,917	167,459	(5,738)	4,636	24,425
Unallocated corporate expenses					
Profit from operations					
Investing activities					
Share of associated companies' profits less losses	2,450	11,055	-	5,905	1,144
Share of joint venture's profits	-	-	-	1,575	-
Finance costs					
Profit before taxation					

**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**Dividends paid on ordinary shares

2008 : Special dividend - 62 sen per share less 26% income tax

2007 : Final dividend - 25 sen per share less 26% income tax

2008 : Interim dividend - 5 sen per share single tier dividend

<i>Individual Quarter 3 months ended 31 December 2008 RM'000</i>	<i>Cumulative Quarter 12months ended 31 December 2008 RM'000</i>
-	543,907
-	219,318
-	59,275
-	<u>822,500</u>

Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
63,701	144,974	515,118	-	3,462,024
1,379	935	23,760	(139,264)	-
<u>65,080</u>	<u>145,909</u>	<u>538,878</u>	<u>(139,264)</u>	<u>3,462,024</u>
20,504	3,648	58,180	1,165	431,196
				<u>(19,703)</u>
				411,493
				58,174
5,249	-	912,139	-	937,942
-	-	-	-	1,575
				<u>(8,542)</u>
				<u>1,400,642</u>

**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, 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.
- (c) On 7 October 2008, Conwaste Disposal Services (P. Pinang) Sdn Bhd ("CDS"), an indirect subsidiary company of PPB, was placed under members' voluntary winding-up. Arising therefrom, CDS had ceased to be an indirect subsidiary company of PPB.

**A11. Changes in contingent liabilities or contingent assets**

	<i>As at</i>	<i>As at</i>
	<i>31-Dec-08</i>	<i>31-Dec-07</i>
	<i>RM'000</i>	<i>RM'000</i>
<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.

**B. BMSB Listing Requirements (Part A of Appendix 9B)**

**B1. Review of Performance for the financial year-to-date**

Group revenue for continuing operations of RM3.46 billion for the year ended 31 December 2008 was 16% higher compared with RM2.99 billion last year. The increase was mainly due to higher selling prices for specialty flour and animal feed. All other segments also contributed higher revenue except for the sugar refining, and property divisions.

Group profit before tax for continuing operations of RM1.4 billion was substantially higher compared with RM564 million in the corresponding period last year. Wilmar International Limited ("Wilmar") an associated company of the Group contributed a higher profit of RM895 million for the year, complementing the other divisions which registered satisfactory results.

*(Note : PPB Group has not recognised its share of RM42 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 RM367 million for the quarter under review was 42% higher when compared with RM259 million recorded in the preceding quarter. This was mainly due to better contribution from Wilmar in the 4th quarter, whilst PPB Group's other divisions recorded lower profits after charging RM67.2 million for diminution in value of other investments and write down of inventory values.

**B3. Prospects for current financial year**

The global financial and economic crisis will have an impact on the Group's performance for 2009 in respect of lower demand for the goods and services offered by the Group.

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

Not applicable.

**B5. Taxation**

	<i>Individual Quarter 3 months ended 31-Dec-08 RM'000</i>	<i>Cumulative Quarter 12 months ended 31-Dec-08 RM'000</i>
Malaysian taxation based on profit for the period:-		
Current	7,197	105,017
Deferred	2,893	4,492
	<u>10,090</u>	<u>109,509</u>
Foreign taxation		
Current	88	1,488
Deferred	(3,309)	(2,117)
	<u>6,869</u>	<u>108,880</u>
(Over)/underprovision		
Current	(1,664)	(706)
Deferred	(34)	(956)
	<u>5,171</u>	<u>107,218</u>

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

**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 RM6.1 million 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 :-

	<i>Individual Quarter 3 months ended 31 December 2008 RM'000</i>	<i>Cumulative Quarter 12 months ended 31 December 2008 RM'000</i>
Total purchases	-	61
Total proceeds from disposals	60	64
Net loss on disposals	(82)	(82)

(b) Total investments in quoted securities as at 31 December 2008 were as follows:-

At cost	RM'000
At book value	418,746
At market value	397,684
	<u>602,440</u>



**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 June 2009 based on the current schedule.

**B9. Group borrowings**

Total Group borrowings as at 31 December 2008 were as follows:-

	<i>Total RM'000</i>	<i>Secured RM'000</i>	<i>Unsecured RM'000</i>
Long term bank borrowings			
Long term bank loans (USD)	51,570	51,570	-
Long term bank loans (CNY)	17,158	-	17,158
Hire purchase liabilities	248	248	-
Hire purchase liabilities (SGD)	71	71	-
Repayments due within the next 12 months	(3,052)	(189)	(2,863)
	<u>65,995</u>	<u>51,700</u>	<u>14,295</u>
Short term bank borrowings			
Bills payable	235,994	-	235,994
Short term loans	74,150	-	74,150
Current portion of long term loans	2,863	-	2,863
Hire purchase liabilities	179	179	-
Hire purchase liabilities (SGD)	10	10	-
	<u>313,196</u>	<u>189</u>	<u>313,007</u>
Bank overdrafts	2,094	-	2,094
	<u>315,290</u>	<u>189</u>	<u>315,101</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 movements 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 February 2009, the Group's outstanding foreign currency contracts were as follows :-

Currency	Contract Amount '000	Equivalent Amount in RM'000
<u>Forward Contracts Bought</u>		
Euro	522	2,391
Japanese Yen	22,400	878
British Pound	78	402
<u>Forward Contracts Sold</u>		
US Dollar	15,064	54,070
SG Dollar	905	2,171

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

There is minimal credit risk as 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 February 2009.

**B12. Dividend**

The Board of Directors is pleased to recommend a final single tier dividend for the financial year ended 31 December 2008 of 18 sen per share (2007 : 25 sen per share less 26% income tax) payable on Friday, 5 June 2009 subject to the approval of shareholders at the 40th Annual General Meeting to be held on Friday, 15 May 2009.

Together with the special dividend of 62 sen per share less 26% income tax and the interim single tier dividend of 5 sen per share paid on 12 May 2008 and 29 September 2008 respectively, the total dividend paid and payable for the financial year ended 31 December 2008 is 85 sen per share (2007 : 5 sen per share less 27% income tax and 25 sen per share less 26% income tax).

**Dividend payment/entitlement date**

Notice is hereby given that, subject to shareholders' approval, the final dividend will be paid on Friday, 5 June 2009 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 21 May 2009.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 21 May 2009 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 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 single tier dividend	5 sen single tier dividend	29 September 2008
2008	Proposed Final dividend	18 sen single tier dividend	Payable on 5 June 2009

**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 February 2009

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

**ANNOUNCEMENTS****07 OCTOBER**

Conwaste Disposal Services (P. Pinang) Sdn Bhd (“CDS”), an indirect subsidiary of PPB, was placed under members’ voluntary winding-up and Mr Tang Kin Kheong and Ms Gan Morn Ghuat of Messrs Moores Rowland were appointed liquidators for the winding-up. Arising therefrom, CDS had ceased to be an indirect subsidiary of PPB.

**20 OCTOBER**

Change in Boardroom - Mr Ang Guan Seng, a director of PPB Group Berhad, passed away on 19 October 2008.

Change in Audit Committee - Mr Ang Guan Seng, a member of the Audit Committee, passed away on 19 October 2008.

**27 NOVEMBER**

Mr Mah Teck Keong was appointed Joint Company Secretary of PPB Group Berhad on 27 November 2008.

Release of 3rd Quarter Report for the period ended 30 September 2008.

**01 DECEMBER**

The shareholders of PT Glovindo Lampung had resolved to proceed with the liquidation of PT Glovindo Lampung and had authorised its Board of Directors to act as liquidators in respect of the liquidation. Arising therefrom, PT Glovindo Lampung had ceased to be an indirect subsidiary of PPB.

**15 DECEMBER**

The address of the Company’s Share Registrar, PPB Corporate Services Sdn Bhd, was changed to 17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur.

Registered Office:

**PPB GROUP BERHAD** | 8167-W

17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail,  
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