

# INVESTOR UPDATE

**2nd Quarter Report**  
30 June 2009



## *From The Desk of The Chairman*

Dear Shareholders,

PPB Group posted a pre-tax profit of RM714 million for the 1H09, 8% lower than the same period last year. The decrease was mainly due to lower profit margin earned by the flour and feed milling division as a result of lower sales volume and reduced selling prices of flour. Wilmar International Limited (“Wilmar”) in which PPB Group has 18.4% stake, however registered higher profits and increased its contribution to RM519 million for the 1H09.

Group revenue of RM1.61 billion for the 1H09 was marginally lower compared with RM1.65 billion for the same period last year. The decrease was mainly due to lower revenue registered by the flour and feed milling, chemicals trading and manufacturing and property development divisions.

Earnings per share for the 1H09 stood at 56.46 sen compared with 60.42 sen achieved in the same period last year.

### **INTERIM DIVIDEND**

PPB’s Board of Directors declared an interim single tier dividend of 5 sen per share for the financial year ending 31 December 2009 payable on Friday, 25 September 2009.

### **GOING FORWARD**

The global economic slowdown will continue 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. Fluctuations in prices of raw materials and ocean freight rates will persist as challenging factors affecting the Group’s profitability. Nevertheless, PPB Group performance for 2009 will remain satisfactory.

*From The Desk of The Chairman*

### **HAPPENINGS AND CSR ACTIVITIES**

In the 2Q09, PPB held its 40th Annual General Meeting (“AGM”) which was well attended by shareholders and proxies.

Cheras LeisureMall, owned and managed by PPB’s 100% subsidiary, PPB Hartabina Sdn Bhd, has become the only shopping mall in Malaysia with the largest installation of an integrated photovoltaic (BiPV). The one grid-connected photovoltaic (PV) system with its PV array mounted on the roof top, absorbs sunlight and converts it to electricity.

PPB organized an essay writing competition for 18 schools in Klang Valley, Dengkil, Penang and Chuping which was opened to students in Standards 4 to 6. These schools were earlier given Ladybird Keyword Reading Scheme books under PPB’s “Cultivating the Love For Reading” project.

### **RAMADHAN GREETINGS TO MUSLIMS**

I wish to take this opportunity to wish our muslim shareholders and friends joy and peace during the holy month of Ramadhan and “Selamat Berpuasa”.

**Datuk Oh Siew Nam**

*Chairman*

26 August 2009

## Happenings

### 40TH ANNUAL GENERAL MEETING

On 15 May 2009, the 40th Annual General Meeting (AGM) of PPB was held at Wisma Jerneh, Kuala Lumpur and was well attended by shareholders and proxies. At the AGM, the Chairman and senior management dealt with questions from shareholders/proxies on the Group's performance and results for the financial year ended 31 December 2008. All resolutions tabled at the AGM were passed.

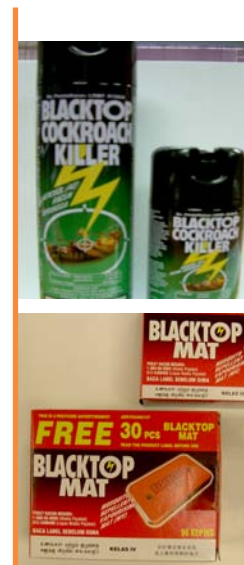


### FFM MARKETING DISTRIBUTES BLACKTOP'S NEW PRODUCTS

FFM Marketing Sdn Bhd (FFMM), a wholly-owned subsidiary of PPB Group, markets consumer goods produced by the FFM Group as well as other international and local brands.

FFMM has been marketing and distributing “Blacktop” insecticide aerosol and mosquito coils. In June 2009, Blacktop introduced two (2) new products, Crawling Insect Killers Aerosol which comes in 300ml and 600ml as well as Mats in 30 pcs or 60 pcs packaging. The Flying Insect Killers Aerosol currently packed in 300ml and 600ml, is now available in 800ml too.

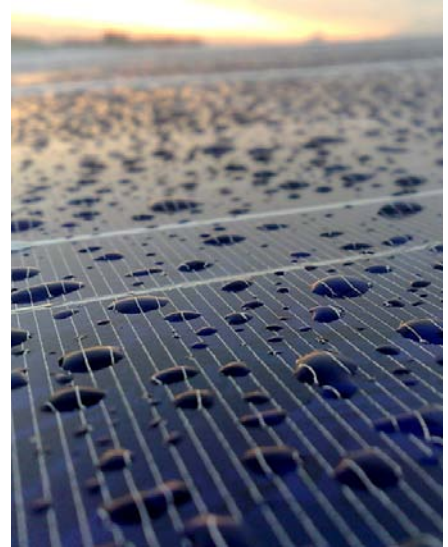
The new products are manufactured to internationally accepted standards of safety and efficacy for use in households.



### **CHERAS LEISUREMALL GOES "GREEN" WITH THE SINGLE LARGEST PHOTOVOLTAIC INSTALLATION FOR A SHOPPING MALL IN MALAYSIA**

Cheras LeisureMall, a shopping mall owned and managed by PPB's wholly-owned subsidiary, PPB Hartabina Sdn Bhd, is located in the hub of Cheras. In early 2009, Cheras LeisureMall embarked on an environmentally-friendly project namely, building an integrated photovoltaic (BiPV) in which a one grid-connected photovoltaic (PV) system was installed at the mall with its PV array mounted at the roof top. The PV array absorbs sunlight and converts it into electricity.

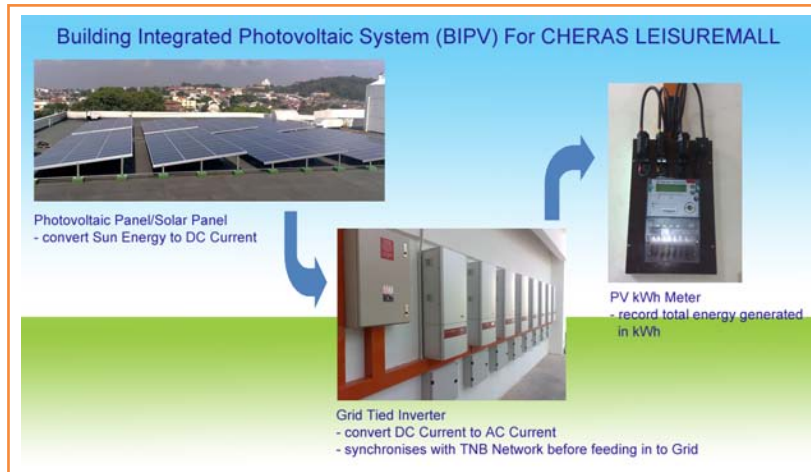
The system is rated at 64.8kWp and its PV array is made up of 360 pieces of 180Wp PV modules occupying an area of approximately 600m<sup>2</sup>. The array is divided into eight (8) sub-arrays of equal size, each supplying energy to one grid-connected inverters. This design facilitates easier isolation of problem and maintenance. The output from the inverters feeds into a designated sub-Distribution Board of the building. All energy output from the system is tracked by a utility (TNB) calibrated meter which records the amount of energy output to the grid or Distribution Board.



CSR Activities (cont'd)

Costing a total of RM1.7 million, the expected energy output from the 64.8kWp system is about 73,000 kWh per year. PV system generates electricity without polluting the air compared with power plants that use fossil fuel like natural gas, diesel or coal. Hence, energy produced by Photovoltaic system is considered “Green Energy”. Based on Malaysia’s average electricity production efficiency, the annual 73 megawatt hours of electricity from this system means a reduction of carbon dioxide emission of about 45,990 kg per annum.

In summary, the BiPV system reduces electricity usage besides protecting the environment. Cheras LeisureMall is the only shopping mall in Malaysia with the largest installation of BiPV system and that provides the Mall with a point of differentiation.



### ESSAY WRITING COMPETITION

As part of PPB's "Cultivating the Love for Reading" project, PPB organized an essay competition for 18 schools in Klang Valley, Dengkil, Penang and Chuping, Perlis which participated in the said project. The aim of the competition is to encourage students to write and express themselves in the English Language.

The essay topics were as follows :-

- My Dream
- If I have RM1,000, What Will I Do With It
- The Person Whom I Love Most
- Save the Environment

The above competition, opened to students in Standard 4 to 6, received many entries. PPB selected three (3) winners from each school and (3) overall winners from the participating schools. The winners from each school received a certificate and a storybook whilst the overall winners received additional MPH cash vouchers.

## *Announcements*

**22 APRIL**

Issue of Notice of 40th Annual General Meeting (“AGM”).

**29 APRIL**

Hexarich Sdn Bhd, a wholly-owned subsidiary of PPB, disposed of its entire holding of 32,424,853 ordinary shares, representing 8.39% of the issued and paid-up capital in Redtone International Berhad at RM0.22 per share for a total cash consideration of RM7,133,468.

**15 MAY**

All the resolutions tabled at the 40th AGM of the Company held on 15 May 2009 were passed by shareholders of the Company, including the appointment of Messrs Mazars as auditors of the Company.

**15 MAY**

Change in Boardroom - Retirement of Datuk Rajasingam a/l Mayilvaganam as a Director of PPB at the conclusion of the 40th AGM.

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Change in Audit Committee - Cessation of Datuk Rajasingam a/l Mayilvaganam as a member of the Audit Committee pursuant to his retirement as a Director of PPB.

**19 MAY**

Release of 1st Quarterly Report for the period ended 31 March 2009.

**22 JUNE**

Change in Boardroom - Appointment of Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director of PPB with effect from 22 June 2009.

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Change in Audit Committee - Appointment of Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as a member of the Audit Committee with effect from 22 June 2009.

**30 JUNE**

Change of Company Secretary - Retirement of Mr Tan Teong Boon as Company Secretary of PPB with effect from 1 July 2009.



## Share Analysis

## 2nd Quarter Share Analysis

After registering a marginal loss of 0.5% in 1Q2009, the Kuala Lumpur Composite Index (KLCI) rebounded in 2Q2009 to register a strong gain of 23.2% and close at 1,075.2 points. Commencing the quarter at 872.6 points, the KLCI rose above 900 points in April in tandem with the rebound in global and regional markets. The index strengthened further to above 1,000 points on gains in selected plantations and oil & gas stocks amidst higher oil prices. Further buying interest in selected index stocks propelled the KLCI to a 9-month high of 1,095.9 points in mid-June. However, profit taking caused the KLCI to pare down its earlier gains and close at 1,075.2 points to register a gain of 23.2% for the quarter.

In tandem with KLCI's performance, PPB share price closed 18.37% higher at RM11.60 compared with RM9.80 in the preceding quarter.

The market capitalisation and average daily volume of PPB shares increased to RM13.8 billion and 41.5% respectively.

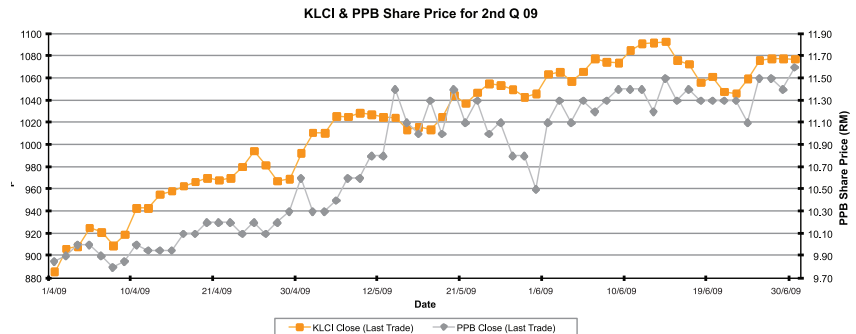
## PPB SHARE &amp; KUALA LUMPUR COMPOSITE INDEX PERFORMANCE For 2nd Quarter 2009

	2nd Q 2009	1st Q 2008	% change
<b>PPB share price</b>			
Closing price (high)	11.60	10.00	16.00%
Closing price (low)	9.80	9.35	4.81%
Month end closing price	11.60	9.80	18.37%
Weighted share price	10.81	9.72	11.21%
Market capitalization (RM' million)	13,751.80	11,617.90	18.37%

<b>PPB share volume</b>			
Daily volume (high)	3,604,100	2,878,600	25.20%
Daily volume (low)	107,300	52,200	>100%
Average daily volume	1,148,114	811,617	41.46%

<b>Kuala Lumpur Composite Index (KLCI)</b>			
KLCI closing (high)	1091.17	927.62	17.63%
KLCI closing (low)	884.18	838.39	5.46%
KLCI month end closing	1075.24	872.55	23.23%

<b>Kuala Lumpur Composite Index (KLCI) volume</b>			
Daily volume (high)	816,858,900	398,680,700	>100%
Daily volume (low)	172,792,500	66,585,300	>100%
Average daily volume	485,481,283	175,026,791	>100%



*Financial Statistics*

For The 2nd Quarter of 2009

*(The figures have not been audited)*Financial period ended  
*(All figures in RM million)*

6 MONTHS		%	12 MONTHS
30.6.09	30.6.08	Change	31.12.08

**INCOME STATEMENTS**

Revenue	1,606	1,651	(2.7)	3,642
Profit from operations	132	222	(40.5)	411
Profit before tax	714	775	(7.9)	1,401
Profit for the period	677	721	(6.1)	1,293
Profit attributable to Shareholders of the Company	669	716	(6.6)	1,287

**BALANCE SHEETS**

Non-current assets	12,696	10,718	18.5	11,490
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Current assets

Cash and bank deposits	394	330	19.4	491
Non-current assets classified as held for sale	9	9	0.0	9
Others	1,147	1,042	10.1	1,226
Total current assets	1,550	1,381	12.2	1,726

<b>Total assets</b>	<b>14,246</b>	<b>12,099</b>	<b>17.7</b>	<b>13,216</b>
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Equity

Share capital	1,186	1,186	0.0	1,186
Reserves	12,273	10,187	20.5	11,047
Equity attributable to Shareholders of the Company	13,459	11,373	18.3	12,233
Minority interests	169	159	6.3	160
Total equity	13,628	11,532	18.2	12,393

Non-current liabilities

Bank borrowings	102	53	92.5	66
Others	74	70	5.7	74
Total non-current liabilities	176	123	43.1	140

*Financial Statistics* | For The 2nd Quarter of 2009

Financial period ended (All figures in RM million)	6 MONTHS		% Change	12 MONTHS 31.12.08
	30.6.09	30.6.08		
<b>Current liabilities</b>				
Bank borrowings	151	161	(6.2)	315
Others	291	283	2.8	368
Total current liabilities	442	444	(0.5)	683
Total liabilities	618	567	9.0	823
<b>Total equity and liabilities</b>	<b>14,246</b>	<b>12,099</b>	<b>17.7</b>	<b>13,216</b>
<b>RATIOS</b>				
Return on equity attributable to shareholders of the Company	(%)	5.0	6.3	10.5
Earnings per share	(sen)	56.5	60.4	108.5
Interest coverage	(times)	189.5	287.4	165.0
Current ratio	(times)	3.5	3.1	2.5
Total borrowings/Equity	(%)	1.9	1.9	3.1
Long term borrowings/Equity	(%)	0.8	0.5	0.5
Net assets per share attributable to shareholders of the Company	(RM)	11.3	9.6	10.3
Net dividend per share	(sen)	5.0	50.9	68.9
<b>STOCK MARKET INFORMATION</b>				
Share price	(RM)	11.60	10.80	9.3
Market capitalisation	(RM million)	13,758	12,809	11,030
PE ratio	(times)	10.3	8.9	8.6

## Quarterly Report

## Condensed Consolidated Income Statements

For The Period Ended 30 June 2009

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	833,952	841,836	1,606,457	1,650,724
Operating expenses	(735,986)	(757,156)	(1,490,790)	(1,441,174)
Other operating income	8,225	4,097	16,117	12,524
Profit from operations	106,191	88,777	131,784	222,074
Net profit from investing activities	53,096	51,578	53,269	58,482
Share of net profits less losses of associates	274,886	219,374	532,136	496,897
Share of net profit of jointly controlled entity	254	186	499	366
Finance costs	(1,338)	(1,771)	(3,787)	(2,706)
Profit before tax	433,089	358,144	713,901	775,113
Taxation	(27,976)	(21,867)	(37,357)	(54,513)
Profit for the period	405,113	336,277	676,544	720,600
Attributable to :-				
Shareholders of the Company	397,532	333,123	669,367	716,221
Minority interests	7,581	3,154	7,177	4,379
Profit for the period	405,113	336,277	676,544	720,600
Basic earnings per share (sen)	33.53	28.10	56.46	60.42

(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.)

## Condensed Consolidated Balance Sheets

## Quarterly Report

	As at 30-Jun-2009 RM'000	As at 31-Dec-2008 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	997,839	957,970
Investment properties	168,433	168,436
Biological assets	2,920	2,943
Prepaid lease payments	131,294	132,292
Goodwill	73,086	73,086
Other intangible assets	2,097	2,519
Land held for property development	7,147	6,459
Investments in associates	10,473,415	9,699,666
Investment in jointly controlled entity	47,096	45,849
Other investments	-	398,111
Available-for-sale investments	782,168	-
Financial assets at fair value through profit or loss	6,498	-
Deferred tax assets	3,488	3,315
	<u>12,695,481</u>	<u>11,490,646</u>
<b>Current Assets</b>		
Inventories	624,242	706,444
Biological assets	26,781	27,404
Other intangible assets	6,512	7,977
Property development costs	40,381	38,297
Receivables	446,498	445,282
Derivative financial instruments	3,141	-
Cash, bank balances and deposits	393,561	491,186
	<u>1,541,116</u>	<u>1,716,590</u>
Non-current assets classified as held for sale	9,009	9,009
	<u>1,550,125</u>	<u>1,725,599</u>
<b>TOTAL ASSETS</b>	<u>14,245,606</u>	<u>13,216,245</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	12,273,364	11,047,291
Equity attributable to shareholders of the Company	<u>13,458,864</u>	<u>12,232,791</u>
Minority interests	168,752	160,088
<b>Total equity</b>	<u>13,627,616</u>	<u>12,392,879</u>

*Condensed Consolidated Balance Sheets* (cont'd)

	<i>As at</i> <i>30-Jun-2009</i> <i>RM'000</i>	<i>As at</i> <i>31-Dec-2008</i> <i>RM'000</i>
<b>Non-current Liabilities</b>		
Long term borrowings	102,017	65,995
Deferred tax liabilities	73,652	74,312
	<u>175,669</u>	<u>140,307</u>
<b>Current Liabilities</b>		
Payables	266,347	348,447
Derivative financial instruments	2,937	-
Short term borrowings	150,627	315,290
Taxation	22,410	19,322
	<u>442,321</u>	<u>683,059</u>
<b>Total liabilities</b>	<u>617,990</u>	<u>823,366</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>14,245,606</u>	<u>13,216,245</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>11.35</u>	<u>10.32</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.)

*Condensed Consolidated Cash Flow Statements*  
For The Period Ended 30 June 2009

*Quarterly Report*

	<i>6 months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	713,901	775,113
Adjustments :-		
Non-cash items	(496,840)	(459,404)
Non-operating items	(48,281)	(54,127)
Operating profit before working capital changes	168,780	261,582
Working capital changes		
Net change in current assets	96,495	(1,807)
Net change in current liabilities	(79,615)	(38,312)
Cash generated from operations	185,660	221,463
Tax paid	(46,977)	(33,353)
<b>Net cash generated from operating activities</b>	<b>138,683</b>	<b>188,110</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets	(77,704)	(103,216)
Proceeds from disposal of property, plant and equipment	150	666
Purchase of investments	(71)	(102)
Proceeds from sale of investments	7,120	372
Dividends received	175,504	123,539
Interest received	3,872	10,057
Other investing activities	3,948	1,224
<b>Net cash generated from investing activities</b>	<b>112,819</b>	<b>32,540</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued to minority shareholder of a subsidiary	-	17,003
Bank borrowings	(134,157)	157,182
Interest paid	(3,379)	(2,732)
Dividends paid	(214,118)	(763,802)
Other financing activities	2,252	2,551
<b>Net cash used in financing activities</b>	<b>(349,402)</b>	<b>(589,798)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(97,900)</b>	<b>(369,148)</b>
Cash and cash equivalents at 1 January	489,022	699,411
Effect of exchange rate changes	132	(1,124)
<b>Cash and cash equivalents at 30 June</b>	<b>391,254</b>	<b>329,139</b>
<b>Cash and cash equivalent represented by :-</b>		
Cash and bank balances	77,141	86,215
Bank deposits	316,350	243,782
Bank overdrafts	(2,237)	(858)
	<b>391,254</b>	<b>329,139</b>

(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.)

## Quarterly Report

Condensed Consolidated Statement of Changes in Equity  
For The Period Ended 30 June 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		
<b>6 months ended 30 June 2009</b>											
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 of adopting FRS 139	-	-	-	-	204,561	267,585	-	63,373	535,519	137	535,656
Restated	1,185,500	6,715	60,675	172,631	204,561	267,585	254,191	10,616,452	12,768,310	160,225	12,928,535
Net gains/(losses) recognised directly to equity	-	-	-	148,816	189,398	(107,179)	3,542	-	234,577	2,078	236,655
Profit for the period	-	-	-	-	-	-	-	669,367	669,367	7,177	676,544
Total recognised income and expenses for the period	-	-	-	148,816	189,398	(107,179)	3,542	669,367	903,944	9,255	913,199
Transfer of reserves	-	-	(222)	-	-	-	12,232	(12,010)	-	-	-
Dividends	-	-	-	-	-	-	-	(213,390)	(213,390)	(728)	(214,118)
At 30 June 2009	1,185,500	6,715	60,453	321,447	393,959	160,406	269,965	11,060,419	13,458,864	168,752	13,627,616
<b>6 months ended 30 June 2008</b>											
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	-	-	5,924	5,579	-	-	(34,932)	13,274	(10,155)	925	(9,230)
Profit for the period	-	-	-	-	-	-	-	716,221	716,221	4,379	720,600
Total recognised income and expenses for the period	-	-	5,924	5,579	-	-	(34,932)	729,495	706,066	5,304	711,370
Transfer of reserves	-	-	(367)	-	-	-	10,514	(10,147)	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	-	-	(55)	(55)
Shares issued to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	17,003	17,003
Dividends	-	-	-	-	-	-	-	(763,224)	(763,224)	(578)	(763,802)
At 30 June 2008	1,185,500	6,715	61,049	(169,267)	-	-	214,642	10,073,968	11,372,607	158,962	11,531,569

(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.)



**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 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 2008 except for the early adoption of the following new FRSs and Interpretations, effective from the 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 were stated at cost less any diminution in value of the investments. Any diminution in value was 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 were 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.

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:-

	<i>As previously reported RM'000</i>	<i>Effect RM'000</i>	<i>As restated RM'000</i>
<u>Consolidated Balance Sheet</u>			
Reserves	11,047,291	535,519	11,582,810
Minority interests	160,088	137	160,225
<u>Consolidated Statement of Changes in Equity</u>			
Fair value reserve	-	204,561	204,561
Hedge reserve	-	267,585	267,585
Retained earnings	10,553,079	63,373	10,616,452
Minority interests	160,088	137	160,225

Effects of adopting FRS 139 for the period ended 30 June 2009:-

<u>Consolidated Income Statement</u>		<i>RM'000</i>
Net gain from derivative financial instruments		924
Fair value gain on financial assets at fair value through profit or loss		2,049
Share of net profit less losses of associate		<u>117,272</u>
<u>Consolidated Statement of Changes in Equity</u>		
Increase in fair value reserve		189,398
Reduction in hedge reserve		<u>(107,179)</u>

**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 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 period-to-date.

**A6. Dividends paid**

	Individual Quarter 3 months ended 30-Jun-2009 RM'000	Cumulative Quarter 6 months ended 30-Jun-2009 RM'000
Dividends paid on ordinary shares 2008 : Final dividend - 18 sen per share single tier	213,390	213,390

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 June 2009

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
<i>All figures in RM'000</i>										
<b>REVENUE</b>										
External sales	613,345	540,485	93,833	60,459	37,089	21,219	35,625	204,402	-	1,606,457
Inter-segment sales	-	43,331	-	-	196	691	9,015	26,139	(79,372)	-
Total revenue	613,345	583,816	93,833	60,459	37,285	21,910	44,640	230,541	(79,372)	1,606,457
<b>RESULTS</b>										
Segment operating results	82,670	19,669	12,293	583	2,640	8,452	(189)	11,333	1	137,452
Unallocated corporate expenses										(5,668)
Profit from operations										131,784
Investing activities										53,269
Share of associates profits less losses	1,550	(1,811)	528	3,129	-	7,242	-	521,498	-	532,136
Share of joint venture's profit	-	-	-	499	-	-	-	-	-	499
Finance costs										(3,787)
Profit before tax										713,901

**A8. Valuation of Property, Plant and Equipment**

There were no changes 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 subsidiaries 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, had 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**

	<i>As at 30-Jun-09 RM'000</i>	<i>As at 31-Dec-08 RM'000</i>
<u>Contingent liabilities</u>		
Unsecured guarantees issued in consideration of credit facilities given to an associate	<u>2,550</u>	<u>2,550</u>

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 of RM1.61 billion for the half year ended 30 June 2009 was marginally lower compared with RM1.65 billion for the same period last year. The decrease was mainly due to lower revenue registered by the flour and feed milling, chemicals trading and manufacturing and property development divisions.

Group profit before tax was RM714 million against RM775 million last year representing a decrease of about 8%. The decrease was mainly due to lower profit margin earned by the flour and feed milling division as a result of lower sales volume and reduced selling prices of flour. The Group's shipping operations were affected by low charter hire rate. Wilmar International Limited ("Wilmar") an associate of the Group, registered higher profits and increased its contribution to RM519 million for the half year under review.

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

Group profit before tax of RM433 million for the quarter under review was 54% higher compared with RM281 million in the preceding quarter. This was mainly due to higher contributions from Wilmar as well as improved performance from the sugar refining, trading and cane plantation division.

**B3. Prospects for current financial year**

The global economic slowdown will continue 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. Fluctuations in prices of raw materials and ocean freight rates will persist as challenging factors affecting the Group's profitability. Nevertheless, Group performance for the year is expected to remain satisfactory.

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

Not applicable.

**B5. Taxation**

Taxation comprises:-

	<i>Individual Quarter 3 months ended 30-Jun-09 RM'000</i>	<i>Cumulative Quarter 6 months ended 30-Jun-09 RM'000</i>
Malaysian taxation based on profit for the period		
Current	27,268	37,893
Deferred	(858)	(432)
	26,410	37,461
Foreign taxation		
Current	(901)	(1,749)
	25,509	35,712
(Over)/underprovision		
Current	1,665	1,873
Deferred	802	(228)
	27,976	37,357

The effective tax rate is lower than the average statutory rate for the period mainly due to tax exempt income.

**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 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:-

	<i>Individual Quarter 3 months ended 30-Jun-2009 RM'000</i>	<i>Cumulative Quarter 6 months ended 30-Jun-2009 RM'000</i>
Total purchases	-	71
Total proceeds from disposal	7,120	7,120
Net profit on disposal	474	474

(b) Total investments in quoted securities as at 30 June 2009 were as follows:-

At cost	<i>RM'000</i> 544,129
At book value / market value	788,237

**B8. Status of corporate proposals**

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

Construction and equipment installation is in the final stage, and commissioning of the mill is underway.

**B9. Group borrowings**

Total Group borrowings as at 30 June 2009 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)	87,420	87,420	-
Long term bank loans (CNY)	17,441	-	17,441
Hire purchase liabilities	160	160	-
Hire purchase liabilities (SGD)	68	68	-
Repayments due within the next 12 months	<u>(3,072)</u>	<u>(162)</u>	<u>(2,910)</u>
	<u>102,017</u>	<u>87,486</u>	<u>14,531</u>
Short term bank borrowings			
Bills payable	71,061	-	71,061
Short term loans	65,750	-	65,750
Short term loans (USD)	8,507	-	8,507
Current portion of long term loans	2,910	-	2,910
Hire purchase liabilities	150	150	-
Hire purchase liabilities (SGD)	12	12	-
	<u>148,390</u>	<u>162</u>	<u>148,228</u>
Bank overdrafts	2,237	-	2,237
	<u>150,627</u>	<u>162</u>	<u>150,465</u>

**B10. Off Balance Sheet Financial Instruments**

There were no off balance financial instruments as at 15 August 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 15 August 2009.

**B12. Dividend**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2009 of 5 sen per share (2008 : 5 sen per share single tier) payable on Friday, 25 September 2009.

**Dividend payment/entitlement date**

Notice is hereby given that the interim single tier dividend is payable on Friday, 25 September 2009 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 11 September 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 Friday, 11 September 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 the BMSB.

**Dividends Paid/Payable**

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

Financial Year	Type	Rate per share	Payment Date
2008	Special dividend	62 sen less 26% income tax	12 May 2008
2008	Interim dividend	5 sen single tier	29 September 2008
2008	Final dividend	18 sen single tier	5 June 2009
2009	Interim dividend	5 sen single tier	Payable on 25 September 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 quarter 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  
21 August 2009

By Order of the Board  
Mah Teck Keong  
Company Secretary

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