

INVESTOR UPDATE

3rd Quarter Report
30 September 2009



From The Desk of The Chairman

Dear Shareholders,

We are pleased to announce that PPB Group achieved a 32% increase in pre-tax profit to record RM1.36 billion for the period ended 30 September 2009 compared to RM1.03 billion achieved in the previous corresponding period. The better-than-expected profit was due mainly to the higher profit contribution of RM943 million from its associate, Wilmar International Limited, coupled with the improved results from the sugar refining operations which offset the lower profits from the flour and feed milling division as a result of lower sales volume and reduced selling prices of flour as well as the Group's shipping operations which were affected by low charter hire rates.

Group revenue reduced by 3% to RM2.54 billion compared to RM2.63 billion in 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 period ended 30 September 2009 stood at 106.66 sen compared with 77.88 sen achieved in the same period last year.

CORPORATE EXERCISE

On 30 October 2009, PPB announced the separate conditional sale and purchase agreements entered

into by PPB and Felda Global Ventures Holdings Sdn Bhd (FGVH) for the following disposals :-

- (i) 36,360,000 ordinary share of RM1.00 each in Malayan Sugar Manufacturing Co. Berhad (MSM) representing 100% of the issued and paid-up share capital of MSM for a cash consideration of RM1,221.16 million;
- (ii) 6,000,000 ordinary shares of RM1.00 each in Kilang Gula Felda Perlis Sdn Bhd (KGFP) representing 50% of the issued and paid-up capital of KGFP for a cash consideration of RM26.31 million; and
- (iii) Certain parcels of land measuring a total of approximately 5,797 hectares located in Chuping, Perlis for a cash consideration of RM45 million.

On the same date, PPB's 49% associate, Grenfell Holdings Sdn Bhd, entered into a conditional sale and purchase agreement with FGVH for the disposal of its 20% stake in Tradewinds (M) Berhad (TWM) for a total cash consideration of RM207.53 million or RM3.50 per TWM share.

The net proceeds from the sale will be used for strategic investment options and opportunities that

From The Desk of The Chairman

may be available to PPB Group both domestically and overseas.

PROSPECTS FOR 2009

The continuing uncertainties of the global economic environment, fluctuating raw material prices and ocean freight rates are factors which would affect the Group's profitability for the remainder of 2009.

Nonetheless, Group performance for the full year is expected to be comparable or better than that of the previous year, before taking into account the gain from the sale of the sugar operations.

HAPPENINGS

PPB held its 2nd Press and Analyst Briefing for the year on 26 August to review the interim results for year 2009 and other latest developments in the Group.

CSR ACTIVITIES

During the quarter under review, PPB organized a free health screening for its staff under the National Kidney Foundation (NKF) Early Detection and Prevention Saves Lives Programme.

In line with PPB's "Cultivating the Love for Reading" project, PPB also organized competitions for two schools namely SJK (T) Dengkil and SJK (T) Taman Permata with the purpose of encouraging students to read the Ladybird Keyword Reading Scheme books contributed by PPB and to build their interest in the

English Language in a fun way. In addition, PPB also gave away teaching aids and books under the Sunshine Publications to seven (7) welfare homes in Klang Valley and organized a 2-day workshop in July facilitated by the distributors of the books. The volunteers were taught techniques of story telling and reading with children besides proper usage of the books.

FFM Marketing Sdn Bhd (FFMM), a wholly-owned indirect subsidiary of PPB Group, participated in a fund raising event organized by Kiwanis Club of Kuala Lumpur on 8 August 2009 at Kiwanis Down Syndrome Foundation-National Centre in Petaling Jaya and raised about RM5,000 for the centre in addition to their donation of RM1,955 worth of sausages and nuggets produced by FFM group.

On 12 September 2009, the children from five (5) welfare homes were given a treat to the movie "UP" at GSC Mid Valley which was organized jointly with K&N Kenanga Bhd.

GREETINGS

As the year is coming to a close, I wish to take this opportunity to wish all our shareholders, business associates and staff of PPB Group, MERRY CHRISTMAS AND A BLESSED 2010!

Datuk Oh Siew Nam
20 November 2009

Happenings

PRESS AND ANALYST BRIEFING

PPB Group held its 2nd Press and Analyst Briefing for the year on 26 August 2009 at Wisma Jerneh to review PPB's interim financial results for the half year ended 30 June 2009 and the latest developments of the Group. The briefing was well attended by more than 60 analysts and fund managers from various local and overseas research houses and securities firms and members of the press.

During the Briefing, Ms Koh Mei Lee, Senior Manager (Corporate Affairs) of PPB, gave a presentation on the performance and future plans of PPB Group followed by a Q & A session. A press conference was held immediately after the Briefing followed by lunch.



FREE HEALTH SCREENING FOR PPB STAFF

On 30 July 2009, PPB organised a free health screening for its staff under the National Kidney Foundation (NKF) Early Detection and Prevention Saves Lives Programme. A total of 109 staff from PPB and its subsidiaries as well as some of the security guards and cleaners in Wisma Jerneh were screened. The health screening consists of :-

- > Blood Pressure
- > Random Blood Cholesterol
- > Random Blood Glucose
- > Urinalysis/Urine Test
- > Body Mass Index
- > Waist Circumference
- > Counseling

NKF volunteers provided counseling and encouraged the participants to have proper diets, regular exercise and some were advised to go for further medical checks.

For those who had not been for a full medical checkup before, the health screening was a wake-up call to them. After the health screening, many staff became mindful of what they consumed and were more conscious of their health.



CSR Activities

FMSB EXTENDS A HELPING HAND AT KIWANIS FOOD AND FUND RAISING FAIR 2009

FFM Marketing Sdn Bhd (FMSB), a wholly-owned indirect subsidiary of PPB Group, participated in the fund-raising event organized by Kiwanis Club of Kuala Lumpur on 8th August at their Kiwanis Down Syndrome Foundation - National Center in Petaling Jaya. Kiwanis Down Syndrome Foundation is established with the sole purpose of providing special education to the Down Syndrome children.

The objective of the event was to raise sufficient funds to finance their day-to-day running of the centre. FMSB set up a stall selling “Marina” brand nuggets, sausages, burgers and received many encouraging feedback on their products. For this event, FMSB contributed RM1,955 worth of products and raised about RM5,000 for the centre. FMSB also sponsored “Marina” burgers to the centre’s own stall called McMom and the response was great.



DISNEY PIXAR MOVIE “UP” FOR CHILDREN

On the morning of 12 September 2009, 98 delightful children and their guardians from 5 orphanages attended a movie screening “UP” at GSC Mid Valley.

The movie screening which was a joint CSR project with K&N Kenanga Berhad, brought much cheer and excitement to the children. A short welcome speech was given by PPB’s Senior Manager (Corporate Affairs), Ms Koh Mei Lee, before the start of the movie. The children enjoyed the highly-rated movie along with their popcorn and coke. At the end of the movie, each child took away a “corn-in-a-cup” and 1901 hotdog for their lunch.

The Homes invited were Rumah Shalom, Precious Children Home, Rumah Hope, Trinity Centre and Ti-Ratana Welfare Home, all located in Klang Valley.



CSR Activities

“CULTIVATING THE LOVE FOR READING” PROJECT

In line with PPB’s “Cultivating the Love for Reading” project which aims to give children an early exposure to the English Language as well as to develop their interest in reading from young, PPB organized English Language competitions for two (2) schools under its project as well as gave away teaching aids and books under the Sunshine Publications to the following welfare homes :-

- Stepping Stones Living Centre
- Rumah Charis
- Pusat Jagaan Nur Salam
- Ti-Ratana Welfare Home
- House of Joy
- Sunbeams Home
- Precious Children Home

A 2-day workshop facilitated by Datin Radziah M Daud and Mrs Judith Loh, both Early Childhood Practitioners, was held on 23 and 24 July 2009. The workshop covered six (6) modules comprising listening and speaking skills; letter and phonics skills; shared writing; curriculum planning; activities in teaching methodology; and evaluation and assessment.



Through the workshop, the volunteers from the respective Homes were taught the techniques of story telling and reading with children besides proper usage of the books. To add some fun and creativity, the participants had to create their own catchy songs coupled with actions for some of the stories. Overall, all who attended the workshop, found it to be an invaluable learning experience and were eager to practice it with the children.



PPB also organized English Language competitions for two (2) schools namely SJK (T) Dengkil and SJK (T) Taman Permata, both located in Dengkil on 1 July 2009 and 12 August 2009 respectively. Crossword Puzzles, Word Search and Spelling competitions including impromptu reading of Ladybird books by the students who were randomly chosen, were carried out. The purpose of these competitions were to encourage the students to read the Ladybird Keyword Reading Scheme (LKRS) books contributed by PPB as well as to build their interest in the English Language in a fun way. Book prizes were given away for the competitions.

Announcements

29 JULY

Masuma Trading Company Limited (“Masuma”), a wholly-owned indirect subsidiary of PPB, exercised warrants to subscribe for 850,000 shares in Etika International Holdings Limited (“Etika”) and increased its interest from 4.67% to 5.00% of the issued share capital of Etika. Pursuant thereto, PPB submitted to Etika a notice of substantial shareholder’s interests for announcement to Singapore Exchange Securities Trading Limited (“SGX”).

21 AUGUST

Release of 2nd Quarterly Report for the period ended 30 June 2009.

The Board declared an interim single tier dividend of 5 sen per share for the financial year ending 31 December 2009 which was paid on 11 September 2009.

28 AUGUST

Chemquest Sdn Bhd, a 55%-subsidiary of PPB, acquired from its wholly-owned subsidiary, Asia Pacific Microspheres Sdn Bhd (“APM”), APM’s 99.37% equity interest in Malayan Adhesives & Chemicals Sdn Bhd comprising 13,911,334 ordinary shares of RM1.00 each, for a cash consideration of RM38,256,169.

7 SEPTEMBER

The percentage interest of Masuma in Etika was reduced from 5.000% 4.999% due to the exercise of warrants by other shareholders of Etika; and PPB had accordingly submitted to Etika a notice of cessation as a substantial shareholder for announcement to SGX.

Share Analysis

3rd Quarter Share Analysis

After registering a gain of 23.2% in 2Q2009, the FTSE Bursa Malaysia KLCI (FBM KLCI) continued to strengthen in 3Q2009 to register a gain of 11.8% and close at 1,202.08 points. Commencing the quarter at 1,075.2 points as at end June 2009, the FBM KLCI rose to 1,196.46 points in mid-August in line with gains in the U.S. and regional markets. The FBM KLCI strengthened further to a 15-month high of 1,231.49 points in late September as global markets continued to trend higher. The FBM KLCI subsequently eased towards the end of the quarter on profit-taking and closed at 1,202.08 points to register a gain of 11.8% for the quarter.

Source: Public Mutual Website
(www.publicmutual.com.my)

PPB share price outperformed the KLCI to close 32.8% higher at RM15.40 compared with RM11.60 in the preceding quarter.

Market capitalisation of PPB shares increased to RM18.3 billion although PPB's daily average volume in the quarter decreased by 20.4% to 913,608 shares in view of the weaker market.

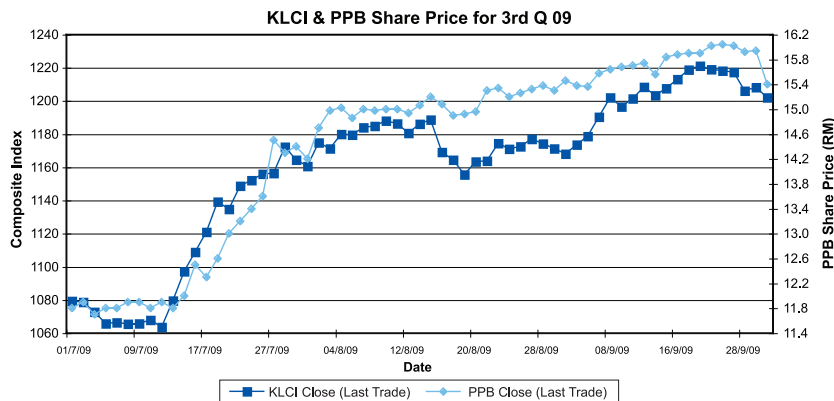
PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE For 3rd Quarter 2009

	3rd Q 2009	2nd Q 2009	% change
PPB share price			
Closing price (high)	16.04	11.60	38.28%
Closing price (low)	11.70	9.80	19.39%
Month end closing price	15.40	11.60	32.76%
Weighted share price	14.28	10.81	32.10%
Market capitalization (RM' million)	18,256.70	13,751.80	32.76%

PPB share volume			
Daily volume (high)	6,385,400	3,604,100	77.17%
Daily volume (low)	121,900	107,300	13.61%
Average daily volume	913,608	1,148,114	-20.43%

Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	1221.20	1091.17	11.92%
KLCI closing (low)	1063.66	884.18	20.30%
KLCI month end closing	1202.08	1075.24	11.80%

Kuala Lumpur Composite Index (KLCI) volume			
Daily volume (high)	265,526,800	816,858,900	-67.49%
Daily volume (low)	51,999,600	172,792,500	-69.91%
Average daily volume	128,137,211	485,481,283	-73.61%



Financial Statistics

For The 3rd Quarter of 2009

(The figures have not been audited)

Financial period ended <i>(All figures in RM million)</i>	9 MONTHS		%	12 MONTHS
	30.9.09	30.9.08		
INCOME STATEMENTS				
Revenue	2,535	2,630	(3.6)	3,642
Profit from operations	326	411	(20.7)	411
Profit before tax	1,358	1,034	31.3	1,401
Profit for the period	1,275	932	36.8	1,293
Profit attributable to Shareholders of the Company	1,264	923	36.9	1,287
BALANCE SHEETS				
Non-current assets	13,026	11,098	17.4	11,490
<u>Current assets</u>				
Cash and bank deposits	543	330	64.5	491
Non-current assets classified as held for sale	9	9	0.0	9
Others	1,222	1,256	(2.7)	1,226
Total current assets	1,774	1,595	11.2	1,726
Total assets	14,800	12,693	16.6	13,216
<u>Equity</u>				
Share capital	1,186	1,186	0.0	1,186
Reserves	12,738	10,613	20.0	11,047
Equity attributable to Shareholders of the Company	13,924	11,799	18.0	12,233
Minority interests	174	166	4.8	160
Total equity	14,098	11,965	17.8	12,393
<u>Non-current liabilities</u>				
Bank borrowings	112	65	72.3	66
Others	74	71	4.2	74
Total non-current liabilities	186	136	36.8	140

Financial Statistics | For The 3rd Quarter of 2009

Financial period ended (All figures in RM million)	9 MONTHS		% Change	12 MONTHS 31.12.08
	30.9.09	30.9.08		
Current liabilities				
Bank borrowings	185	272	(32.0)	315
Others	331	320	3.4	368
Total current liabilities	516	592	(12.8)	683
Total liabilities	702	728	(3.6)	823
Total equity and liabilities	14,800	12,693	16.6	13,216
RATIOS				
Return on equity attributable to shareholders of the Company	(%)	9.1	7.8	10.5
Earnings per share	(sen)	106.7	77.8	108.5
Interest coverage	(times)	230.5	159.3	165.0
Current ratio	(times)	3.4	2.7	2.5
Total borrowings/Equity	(%)	2.1	2.8	3.1
Long term borrowings/Equity	(%)	0.8	0.5	0.5
Net assets per share attributable to shareholders of the Company	(RM)	11.7	9.9	10.3
Net dividend per share	(sen)	5.0	50.9	68.9
STOCK MARKET INFORMATION				
Share price	(RM)	15.40	8.55	9.3
Market capitalisation	(RM million)	18,264	10,140	11,030
PE ratio	(times)	10.8	8.2	8.6

Quarterly Report

Condensed Consolidated Income Statements

For The Period Ended 30 September 2009

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	929,015	978,962	2,535,472	2,629,686
Operating expenses	(758,184)	(798,042)	(2,248,974)	(2,239,216)
Other operating income	23,422	8,265	39,539	20,789
Profit from operations	194,253	189,185	326,037	411,259
Net profit from investing activities	9,895	20,305	63,164	78,787
Share of net profits less losses of associates	442,072	53,128	974,208	550,025
Share of net profit of jointly controlled entity	257	207	756	573
Finance costs	(2,130)	(3,826)	(5,917)	(6,532)
Profit before tax	644,347	258,999	1,358,248	1,034,112
Taxation	(45,416)	(47,534)	(82,773)	(102,047)
Profit for the period	598,931	211,465	1,275,475	932,065
Attributable to :-				
Shareholders of the Company	595,072	207,007	1,264,439	923,228
Minority interests	3,859	4,458	11,036	8,837
Profit for the period	598,931	211,465	1,275,475	932,065
Basic earnings per share (sen)	50.20	17.46	106.66	77.88

(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

	<i>As at</i> 30-Sep-2009 RM'000	<i>As at</i> 31-Dec-2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,033,257	957,970
Investment properties	168,856	168,436
Biological assets	2,884	2,943
Prepaid lease payments	131,688	132,292
Goodwill	73,086	73,086
Other intangible assets	2,080	2,519
Land held for property development	7,205	6,459
Investments in associates	10,679,195	9,699,666
Investment in jointly controlled entity	46,761	45,849
Other investments	-	398,111
Available-for-sale investments	860,238	-
Financial assets at fair value through profit or loss	13,242	-
Deferred tax assets	6,880	3,315
	<u>13,025,372</u>	<u>11,490,646</u>
Current Assets		
Inventories	607,187	706,444
Biological assets	28,451	27,404
Other intangible assets	6,399	7,977
Property development costs	43,521	38,297
Receivables	507,377	445,282
Derivative financial instruments	28,813	-
Cash, bank balances and deposits	543,313	491,186
	<u>1,765,061</u>	<u>1,716,590</u>
Non-current assets classified as held for sale	9,009	9,009
	<u>1,774,070</u>	<u>1,725,599</u>
TOTAL ASSETS	<u>14,799,442</u>	<u>13,216,245</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	12,738,307	11,047,291
Equity attributable to shareholders of the Company	<u>13,923,807</u>	<u>12,232,791</u>
Minority interests	173,539	160,088
Total equity	<u>14,097,346</u>	<u>12,392,879</u>

Condensed Consolidated Balance Sheets (cont'd)

	<i>As at</i> <i>30-Sep-2009</i> <i>RM'000</i>	<i>As at</i> <i>31-Dec-2008</i> <i>RM'000</i>
Non-current Liabilities		
Long term borrowings	112,147	65,995
Deferred tax liabilities	74,446	74,312
	<u>186,593</u>	<u>140,307</u>
Current Liabilities		
Payables	255,748	348,447
Derivative financial instruments	26,332	-
Short term borrowings	184,939	315,290
Taxation	48,484	19,322
	<u>515,503</u>	<u>683,059</u>
Total liabilities	<u>702,096</u>	<u>823,366</u>
TOTAL EQUITY AND LIABILITIES	<u>14,799,442</u>	<u>13,216,245</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>11.75</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 September 2009

Quarterly Report

	<i>9 months ended 30 September</i>	
	2009	2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,358,248	1,034,112
Adjustments :-		
Non-cash items	(937,762)	(497,040)
Non-operating items	(49,429)	(70,332)
Operating profit before working capital changes	371,057	466,740
Working capital changes		
Net change in current assets	53,753	(212,385)
Net change in current liabilities	(90,376)	(20,988)
Cash generated from operations	334,434	233,367
Tax paid	(66,643)	(58,225)
Net cash generated from operating activities	267,791	175,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets	(126,447)	(179,791)
Proceeds from disposal of property, plant & equipment, and prepaid lease payments	454	9,668
Purchase of investments	(611)	(7,130)
Proceeds from sale of investments	7,120	374
Dividends received	263,325	144,862
Interest received	6,237	12,343
Other investing activities	4,210	2,490
Net cash generated from/(used in) investing activities	154,288	(17,184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to minority shareholder of a subsidiary	-	17,003
Bank borrowings	(91,794)	277,438
Interest paid	(6,732)	(6,513)
Dividends paid	(273,393)	(823,078)
Other financing activities	4,258	4,619
Net cash used in financing activities	(367,661)	(530,531)
Net increase/(decrease) in cash and cash equivalents	54,418	(372,573)
Cash and cash equivalents at 1 January	489,022	699,411
Effect of exchange rate changes	(556)	2,277
Cash and cash equivalents at 30 September	542,884	329,115
Cash and cash equivalent represented by :-		
Cash and bank balances	65,731	99,035
Bank deposits	477,512	231,135
Bank overdrafts	(359)	(1,055)
	542,884	329,115

(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 September 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		
9 months ended 30 September 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 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	-	-	-	14,793	267,411	(126,045)	7,022	542	163,723	3,006	166,729
Profit for the period	-	-	-	-	-	-	-	1,264,439	1,264,439	11,036	1,275,475
Total recognised income and expenses for the period	-	-	-	14,793	267,411	(126,045)	7,022	1,264,981	1,428,162	14,042	1,442,204
Transfer of reserves	-	-	(334)	-	-	-	29,485	(29,151)	-	-	-
Dividends	-	-	-	-	-	-	-	(272,665)	(272,665)	(728)	(273,393)
At 30 September 2009	1,185,500	6,715	60,341	187,424	471,972	141,540	290,698	11,579,617	13,923,807	173,539	14,097,346
9 months ended 30 September 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	-	-	5,792	278,845	-	-	(29,962)	13,274	267,949	3,408	271,357
Profit for the period	-	-	-	-	-	-	-	923,228	923,228	8,837	932,065
Total recognised income and expenses for the period	-	-	5,792	278,845	-	-	(29,962)	936,502	1,191,177	12,245	1,203,422
Transfer of reserves	-	-	(764)	-	-	-	13,415	(12,651)	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	-	-	(59)	(59)
Shares issued to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	17,003	17,003
Dividends	-	-	-	-	-	-	-	(822,500)	(822,500)	(578)	(823,078)
At 30 September 2008	1,185,500	6,715	60,520	103,999	-	-	222,513	10,219,195	11,798,442	165,899	11,964,341

(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 September 2009:-

<u>Consolidated Income Statement</u>		<i>RM'000</i>
Net gain from derivative financial instruments		15,5889
Fair value gain on financial assets at fair value through profit or loss		8,691
Share of net profit less losses of associate		109,375
<u>Consolidated Statement of Changes in Equity</u>		
Increase in fair value reserve		267,411
Reduction in hedge reserve		(126,045)

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-Sep-2009 RM'000	Cumulative Quarter 9 months ended 30-Sep-2009 RM'000
<u>Dividends paid on ordinary shares</u>		
Financial year ended 31.12.2008 :		
Final dividend - 18 sen per share single tier	-	213,390
Financial year ending 31.12.2009 :		
Interim dividend - 5 sen per share single tier	59,275	59,275
	<u>59,275</u>	<u>272,665</u>

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.

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 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>										
REVENUE										
External sales	1,031,609	811,852	144,534	87,095	59,144	29,053	53,742	318,443	-	2,535,472
Inter-segment sales	-	66,333	-	-	314	1,030	13,539	40,091	(121,307)	-
Total revenue	<u>1,031,609</u>	<u>878,185</u>	<u>144,534</u>	<u>87,095</u>	<u>59,458</u>	<u>30,083</u>	<u>67,281</u>	<u>358,534</u>	<u>(121,307)</u>	<u>2,535,472</u>
RESULTS										
Segment operating results	217,191	64,229	19,308	2,270	2,926	9,607	1,751	16,342	798	334,422
Unallocated corporate expenses										(8,385)
Profit from operations										<u>326,037</u>
Investing activities										63,164
Share of associates profits less losses	3,122	(1,011)	857	4,234	-	20,659	-	946,347	-	974,208
Share of joint venture's profit	-	-	-	756	-	-	-	-	-	756
Finance costs										(5,917)
Profit before tax										<u>1,358,248</u>

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 except as disclosed below:-

On 30 October 2009, PPB and Felda Global Ventures Holdings Sdn Bhd ("FGVH") entered into separate conditional sale and purchase agreements for the proposed disposal by PPB of the following :

- 36,360,000 ordinary shares of RM1.00 each in Malayan Sugar Manufacturing Company Bhd ("MSM"), representing 100% of the issued and paid-up share capital of MSM for a cash consideration of RM1,221.16 million ("MSM Disposal");
- 6,000,000 ordinary shares of RM1.00 each in Kilang Gula Felda Perlis Sdn Bhd ("KGFP"), representing 50% of the issued and paid-up share capital of KGFP for a cash consideration of RM26.31 million; and
- certain parcels of land measuring a total of approximately 5,797 hectares located in Chuping, Perlis for a cash consideration of RM45.00 million ("Chuping Land Disposal").

On the same date, Grenfell Holdings Sdn Bhd ("Grenfell"), a 49%-associate of PPB, entered into a conditional sale and purchase agreement with FGVH for the proposed disposal by Grenfell of 59,294,097 shares of RM1.00 each in Tradewinds (M) Berhad ("TWM") ("TWM Shares"), representing 20% of the issued and paid-up share capital of TWM for a cash consideration of RM207.53 million or RM3.50 per TWM Share ("TWM Disposal").

Collectively referred to as the "Proposed Disposals".

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:-

- (i) Chemquest Sdn Bhd (“Chemquest”), a 55% subsidiary of PPB, had on 6 January 2009 acquired 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.
- (i) Chemquest had on 28 August 2009 acquired from its wholly-owned subsidiary, Asia Pacific Microspheres Sdn Bhd (“APM”), APM’s 99.37% equity interest in Malayan Adhesives & Chemicals Sdn Bhd (“MAC”) comprising 13,911,334 ordinary shares of RM1.00 each, for a cash consideration of RM38,256,169. Thereupon, MAC has become a direct subsidiary of Chemquest.

A11. Changes in contingent liabilities or contingent assets

	<i>As at 30-Sep-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 RM2.54 billion for the nine months ended 30 September 2009 was 3% lower than 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 RM1.36 billion, an increase of about 32% compared to the corresponding period last year. The increase was mainly due to higher contribution of RM943 million from Wilmar International Limited (“Wilmar”) an associate of the Group and improved results from the sugar refining operation. The flour and feed milling division as a result of lower sales volume and reduced selling prices of flour, as well as the Group’s shipping operations which were affected by low charter hire rates contributed lower profits.

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

Group profit before tax of RM644 million for the quarter under review was 49% higher compared with the preceding quarter. This was mainly due to higher profits contributed by Wilmar for the current quarter under review. The grains trading, flour and feed milling divisions also registered improved results.

B3. Prospects for current financial year

The continued uncertainties of the global economic environment, fluctuating raw material prices and ocean freight rates are factors which would affect the Group's profitability for the remainder of 2009. Nonetheless, Group performance for the full year is expected to be better than that of the previous year, before taking into account the gain from the Proposed Disposals referred to in Note A9.

Should any of the Proposed Disposals be completed within the current financial year, the gain on the disposal(s) would be recognised accordingly.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-

	<i>Individual Quarter 3 months ended 30-Sep-09 RM'000</i>	<i>Cumulative Quarter 9 months ended 30-Sep-09 RM'000</i>
Malaysian taxation based on profit for the period		
Current	44,689	82,582
Deferred	779	347
	<u>45,468</u>	<u>82,929</u>
Foreign taxation		
Current	9	(1,740)
	<u>45,477</u>	<u>81,189</u>
(Over)/underprovision		
Current	(76)	1,797
Deferred	15	(213)
	<u>45,416</u>	<u>82,773</u>

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-Sep-2009 RM'000</i>	<i>Cumulative Quarter 9 months ended 30-Sep-2009 RM'000</i>
Total purchases	196	267
Total proceeds from disposal	-	7,120
Net profit on disposal	-	1,286

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

	<i>RM'000</i>
At cost	409,741
At book value / market value	873,053

B8. Status of corporate proposals

(i) 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.

PT Pundi Kencana has successfully commissioned the mill and has started commercial production and sales in October 2009.

(ii) In respect of the Proposed Disposals referred to in Note A9, the purchaser is conducting the respective due diligence audits, and the applications to the relevant State Authorities are being prepared.

B9. Group borrowings

Total Group borrowings as at 30 September 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)	100,617	100,617	-
Long term bank loans (CNY)	14,350	-	14,350
Hire purchase liabilities	115	115	-
Hire purchase liabilities (SGD)	66	66	-
Repayments due within the next 12 months	(3,001)	(127)	(2,874)
	<u>112,147</u>	<u>100,671</u>	<u>11,476</u>
Short term bank borrowings			
Bills payable	152,698	-	152,698
Short term loans	20,504	-	20,504
Short term loans (USD)	8,377	-	8,377
Current portion of long term loans	2,874	-	2,874
Hire purchase liabilities	115	115	-
Hire purchase liabilities (SGD)	12	12	-
	<u>184,580</u>	<u>127</u>	<u>184,453</u>
Bank overdrafts	359	-	359
	<u>184,939</u>	<u>127</u>	<u>184,812</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 14 November 2009. The Group has adopted 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 14 November 2009.

B12. Dividend

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

Dividends Paid

Dividends paid for the financial year 2008 and 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	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 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
20 November 2009

By Order of the Board
Mah Teck Keong
Company Secretary

Registered Office:

PPB GROUP BERHAD | 8167-W

17th Floor, Wisma Jerneh,
38 Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.

Tel : 603 2117 0888

Fax : 603 2117 0999 (*General*)

Fax : 603 2117 0998 (*Corporate Affairs*)

Email : corporateaffairs@ppb.com.my

Website : www.ppbgroup.com