

**PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2010**

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 31 March 2010

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2010	2009	2010	2009
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
<u>Continuing operations</u>				
Revenue	503,633	495,228	503,633	495,228
Operating expenses	(477,289)	(495,037)	(477,289)	(495,037)
Other operating income	25,313	10,036	25,313	10,036
Share of net profits less losses of associates	252,105	256,083	252,105	256,083
Share of profit of jointly controlled entity	298	245	298	245
Finance costs	(1,472)	(2,143)	(1,472)	(2,143)
Profit before tax	302,588	264,412	302,588	264,412
Income tax expense	(13,123)	(5,504)	(13,123)	(5,504)
Profit for the period from continuing operations	289,465	258,908	289,465	258,908
<u>Discontinued operations</u>				
Profit for the period from discontinued operations, net of tax	-	12,523	-	12,523
Gain on sale of discontinued operations	838,448	-	838,448	-
Profit for the period	1,127,913	271,431	1,127,913	271,431
Attributable to :				
Shareholders of the Company	1,125,354	271,835	1,125,354	271,835
Minority interests	2,559	(404)	2,559	(404)
Profit for the period	1,127,913	271,431	1,127,913	271,431
Basic earnings per share (sen)				
- continuing operations	24.20	21.87	24.20	21.87
- discontinued operations	70.73	1.06	70.73	1.06
	94.93	22.93	94.93	22.93

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 31 March 2010

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,127,913	271,431	1,127,913	271,431
<u>Other comprehensive (loss)/income, net of tax</u>				
Exchange differences on translation of foreign operations	(465,232)	521,193	(465,232)	521,193
Reclassification adjustment for exchange gain included in profit or loss	-	(8)	-	(8)
Fair value of available-for-sale financial assets	(5,380)	102,029	(5,380)	102,029
Share of associates' other comprehensive income	(3,692)	(47,244)	(3,692)	(47,244)
Total comprehensive income	<u>653,609</u>	<u>847,401</u>	<u>653,609</u>	<u>847,401</u>
Attributable to :				
Shareholders of the Company	651,697	846,488	651,697	846,488
Minority interests	1,912	913	1,912	913
Total comprehensive income	<u>653,609</u>	<u>847,401</u>	<u>653,609</u>	<u>847,401</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement of Financial Position

	As at 31-Mar-10 RM'000	As at 31-Dec-09 RM'000
ASSETS		
Non-current Assets		(Restated)
Property, plant and equipment	952,526	958,075
Investment properties	173,695	174,209
Biological assets	2,851	2,889
Goodwill	72,444	72,444
Other intangible assets	1,856	1,969
Land held for property development	11,304	11,268
Investments in associates	10,417,186	10,628,430
Investment in jointly controlled entity	28,486	29,518
Other investments	887,882	886,440
Deferred tax assets	5,561	5,479
	<u>12,553,791</u>	<u>12,770,721</u>
Current Assets		
Inventories	357,334	377,835
Biological assets	14,761	14,320
Other intangible assets	6,493	6,334
Property development costs	31,799	30,793
Receivables	449,086	352,338
Derivative financial instruments	2,535	193
Cash, bank balances and deposits	1,325,561	589,003
	<u>2,187,569</u>	<u>1,370,816</u>
Non-current assets/disposal group classified as held for sale	24,980	925,423
	<u>2,212,549</u>	<u>2,296,239</u>
TOTAL ASSETS	<u><u>14,766,340</u></u>	<u><u>15,066,960</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	12,961,797	12,901,042
Equity attributable to shareholders of the Company	<u>14,147,297</u>	<u>14,086,542</u>
Minority interests	174,729	172,817
Total equity	<u>14,322,026</u>	<u>14,259,359</u>

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement of Financial Position
(continued)

	As at 31-Mar-10 RM'000	As at 31-Dec-09 RM'000
Non-current Liabilities		(Restated)
Long term borrowings	76,253	82,813
Deferred tax liabilities	71,022	71,552
	<u>147,275</u>	<u>154,365</u>
Current Liabilities		
Payables	223,296	342,336
Derivative financial instruments	681	212
Short term borrowings	60,381	37,654
Taxation	12,681	6,785
	<u>297,039</u>	<u>386,987</u>
Liabilities directly associated with disposal group classified as held for sale	-	266,249
	<u>297,039</u>	<u>653,236</u>
Total liabilities	<u>444,314</u>	<u>807,601</u>
TOTAL EQUITY AND LIABILITIES	<u><u>14,766,340</u></u>	<u><u>15,066,960</u></u>
Net assets per share attributable to shareholders of the Company (RM)	<u>11.93</u>	<u>11.88</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 31 March 2010

	Non-distributable						Distributable		Attributable to shareholders of the Company RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
3 months ended 31 March 2010											
At 1 January 2010	1,185,500	6,715	60,230	20,818	484,454	96,648	294,561	11,937,616	14,086,542	172,817	14,259,359
Total comprehensive income	-	-	-	(442,262)	(5,398)	(16,486)	(9,511)	1,125,354	651,697	1,912	653,609
Transfer of reserves	-	-	(111)	-	-	-	(5,961)	6,072	-	-	-
Dilution of interest in associate	-	-	-	-	-	-	-	1,808	1,808	-	1,808
Dividend	-	-	-	-	-	-	-	(592,750)	(592,750)	-	(592,750)
At 31 March 2010	1,185,500	6,715	60,119	(421,444)	479,056	80,162	279,089	12,478,100	14,147,297	174,729	14,322,026
3 months ended 31 March 2009											
At 1 January 2009											
As previously stated	1,185,500	6,715	60,675	172,631	-	-	254,191	10,553,079	12,232,791	160,088	12,392,879
Effect on adopting FRS 139	-	-	-	-	204,609	267,585	-	49,654	521,848	89	521,937
Restated	1,185,500	6,715	60,675	172,631	204,609	267,585	254,191	10,602,733	12,754,639	160,177	12,914,816
Total comprehensive income	-	-	-	496,291	102,029	(25,585)	1,918	271,835	846,488	913	847,401
Transfer of reserves	-	-	(111)	-	-	-	4,250	(4,139)	-	-	-
At 31 March 2009	1,185,500	6,715	60,564	668,922	306,638	242,000	260,359	10,870,429	13,601,127	161,090	13,762,217

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Statement of Cash Flows
For The Period Ended 31 March 2010

FINAL

	3 months ended 31 March	
	2010	2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
- continuing operations	302,588	264,412
- discontinued operations	838,448	16,400
	1,141,036	280,812
Adjustments :-		
Non-cash items	(1,082,797)	(235,045)
Non-operating items	(9,034)	(1,171)
Operating profit before working capital changes	49,205	44,596
Working capital changes		
Net change in current assets	(234)	119,648
Net change in current liabilities	(57,582)	(91,167)
Cash (used in)/generated from operations	(8,611)	73,077
Tax paid	(6,276)	(28,179)
Net cash (used in)/generated from operating activities	(14,887)	44,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(17,962)	(41,196)
Proceeds from disposal of property, plant and equipment and investment properties	2,940	58
Purchase of investments	(1,156)	(71)
Proceeds from sale of investments	1,226,444	-
Net cash disposed of from discontinued operations	(143,363)	-
Dividends received	103,267	1,472
Interest received	8,072	1,883
Other investing activities	10,707	(230)
Net cash generated from/(used in) investing activities	1,188,949	(38,084)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	17,245	(37,627)
Interest paid	(1,745)	(2,475)
Dividends paid	(592,750)	-
Other financing activities	56	1,108
Net cash used in financing activities	(577,194)	(38,994)
Net increase/(decrease) in cash and cash equivalents	596,868	(32,180)
Cash and cash equivalents brought forward	731,010	489,022
Effect of exchange rate changes	(2,583)	2,575
Cash and cash equivalents carried forward	1,325,295	459,417
<u>Cash and cash equivalents represented by :-</u>		
Cash and bank balances	53,841	82,932
Bank deposits	1,271,720	377,453
Bank overdrafts	(266)	(968)
	1,325,295	459,417

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this report.)

NOTES**A. Financial Reporting Standard (FRS) 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 2009 except for the adoption of the following new/revised FRSs and Amendments to FRSs that are effective for financial periods beginning on or after 1 July 2009 or 1 January 2010 :-

FRS 8 Operating Segments

FRS 101 Presentation of Financial Statements (Revised)

FRS 123 Borrowing Costs (Revised)

Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendment to FRS 7 Financial Instruments: Disclosures

Amendment to FRS 8 Operating Segments

Amendment to FRS 107 Statement of Cash Flows

Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110 Events after the Reporting Period

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 117 Leases

Amendment to FRS 118 Revenue

Amendment to FRS 119 Employee Benefits

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123 Borrowing Costs

Amendment to FRS 127 Consolidated and Separate Financial Statements

Amendment to FRS 128 Investments in Associates

Amendment to FRS 131 Interest in Joint Ventures

Amendment to FRS 132 Financial Instruments: Presentation

Amendment to FRS 134 Interim Financial Reporting

Amendment to FRS 136 Impairment of Assets

Amendment to FRS 138 Intangible assets

Amendment to FRS 139 Financial Instruments: Recognition and Measurement

Amendment to FRS 140 Investment Property

The adoption of the above new/revised FRSs and Amendments to FRSs does not have any significant financial impact on the Group except for the following:-

FRS 101: Presentation of Financial Statements

FRS 101 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

Amendment to FRS 117 Leases

Prior to the adoption of the Amendment to FRS 117, leasehold land that has an indefinite economic life and with title that is not expected to pass to the lessee by the end of the lease term is classified as operating lease. Upfront payments for the rights to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and amortised on a straight-line basis over the remaining period of the lease.

Upon adoption of the Amendment to FRS 117 in relation to classification of leasehold land, the Group reassessed the classification of leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group has determined that all leasehold land of the Group are in substance finance leases and has reclassified its leasehold land from prepaid lease payments to property, plant and equipment.

Amendment to FRS 140 Investment Property

Prior to the adoption of the Amendment to FRS 140, assets under construction for future use as investment property were classified as property, plant and equipment.

Upon adoption of the Amendment to FRS 140, these assets are reclassified to investment properties.

The reclassification has been made retrospectively in the Statement of Financial Position and the following comparative figures have been restated as follows :-

	<i>As previously reported</i>	<i>Effects</i>	<i>As restated</i>
<u>Statement of Financial Position</u>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Property, plant and equipment	860,666	97,409	958,075
Investment properties	167,923	6,286	174,209
Prepaid lease payments	103,695	(103,695)	-

The comparative figures in the Income Statement have been restated to reflect the effects of the financial results of the disposal group in relation to the sale of the sugar-related assets.

PPB GROUP BERHAD (8167-W)

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 except for the completion of the disposal of the sugar-related assets as previously reported.

A4. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the prior financial year 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. Dividend paid

	Individual Quarter 3 months ended 31-Mar-10 RM'000	Cumulative Quarter 3 months ended 31-Mar-10 RM'000
<u>Dividend paid on ordinary shares</u>		
Financial year ended 31.12.2009 :-		
Special dividend - 50 sen per share single tier	592,750	592,750
	<u>592,750</u>	<u>592,750</u>

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 31 March 2010

Business Segments:	Grains trading, flour and feed milling	Marketing, distribution and manufacturing of consumer products	Film exhibition and distribution	Environmental engineering, waste management and utilities	Chemicals trading and manufacturing	Property investment and development	Livestock farming	Other operations	Elimination	Total
<i>All figures in RM'000</i>										
REVENUE										
External revenue	256,838	88,105	60,651	13,777	22,931	12,926	16,059	32,346	-	503,633
Inter-segment sales	20,507	-	-	-	83	365	4,295	2,393	(27,643)	-
Total revenue	<u>277,345</u>	<u>88,105</u>	<u>60,651</u>	<u>13,777</u>	<u>23,014</u>	<u>13,291</u>	<u>20,354</u>	<u>34,739</u>	<u>(27,643)</u>	<u>503,633</u>
RESULTS										
Segment results	32,275	4,309	11,493	(161)	233	5,925	(1,350)	18,316	581	71,621
Unallocated corporate expenses										(19,964)
Share of associates' profits less losses	3,332	-	420	841	-	(620)	-	248,132	-	252,105
Share of joint venture's profit	-	-	-	298	-	-	-	-	-	298
Finance costs										(1,472)
Profit before tax										<u>302,588</u>
ASSETS										
Segment assets	928,783	111,832	203,131	46,774	43,407	297,225	103,961	2,557,998	(93)	4,293,018
Investments in associates	58,900	-	6,073	31,321	-	131,258	-	10,189,634	-	10,417,186
Investment in jointly controlled entity	-	-	-	28,486	-	-	-	-	-	28,486
Taxation										21,857
Other unallocated corporate assets										5,793
Total assets										<u>14,766,340</u>

PPB GROUP BERHAD (8167-W)

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 :-

With the completion of the disposal of 36,360,000 ordinary shares of RM1 each equivalent to 100% equity interest in Malayan Sugar Manufacturing Company Berhad (“MSM”) on 1 January 2010, MSM, MSM Properties Sdn Bhd and Astakonas Sdn Bhd ceased to be subsidiaries of PPB with effect from 1 January 2010.

A11. Changes in contingent liabilities or contingent assets

	As at 31-Mar-10 RM'000	As at 31-Dec-09 RM'000
<u>Contingent liabilities</u>		
Unsecured guarantees issued in consideration of credit facilities given to an associate	2,550	2,550

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 RM504 million for the first quarter ended 31 March 2010 was marginally higher than the RM495 million in the same period last year. The increase was mainly due to higher revenue recorded by the film exhibition and distribution division, off-set by lower revenue from the environment engineering, waste management and utilities division as no new contracts were secured during the quarter.

Group profit before tax of RM303 million represents an increase of about 14% over the corresponding period last year. Despite lower flour selling prices, the flour and feed milling division contributed higher profits due to lower raw material costs whilst film exhibition and distribution registered higher profits arising from higher admissions due to better movie titles released.

The completion of disposal of the Group's sugar-related assets in early January 2010 resulted in a gain of RM838 million recognised in the first quarter under review.

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

Group profit before tax for continuing operations of RM303 million for the quarter under review was 6% lower compared with the preceding quarter. This was mainly due to lower profit contribution from Wilmar International Limited in the current quarter. However the grains trading, flour and feed milling and other divisions recorded higher profits; whilst the livestock farming division incurred a loss for the current financial period.

B3. Prospects for current financial year

The global economic recovery is expected to be slow and uncertain in 2010; and fluctuations in commodity prices and rising freight rates may impact the Group's operating results. However the Group will continue to manage these factors and the Group's results for the remaining period of 2010 should remain satisfactory. With the gain from the sale of sugar-related assets, profit for the financial year 2010 will be higher than that of the previous year.

B4. Variance of actual profit from forecast profit

Not applicable.

PPB GROUP BERHAD (8167-W)

B5. Taxation

	Individual Quarter 3 months ended 31-Mar-10 RM'000	Cumulative Quarter 3 months ended 31-Mar-10 RM'000
Taxation comprises :-		
Malaysian taxation based on profit for the period		
Current	13,543	13,543
Deferred	(878)	(878)
	<u>12,665</u>	<u>12,665</u>
Foreign taxation		
Current	215	215
	<u>12,880</u>	<u>12,880</u>
(Over)/Underprovision		
Current	66	66
Deferred	177	177
	<u>13,123</u>	<u>13,123</u>

The effective tax rate is higher than the average statutory rate for the period mainly due to non-allowable expenses incurred by certain subsidiaries.

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

There were no sales of unquoted investments 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 :-

	Individual Quarter 3 months ended 31-Mar-10 RM'000	Cumulative Quarter 3 months ended 31-Mar-10 RM'000
Total purchases	1,156	1,156
Total proceeds from disposal	-	-
Net profit on disposal	-	-

(b) Total investments in quoted securities as at 31 March 2010 were as follows :-

	RM'000
At cost	410,875
At carrying amount	887,455

PPB GROUP BERHAD (8167-W)

B8. Status of corporate proposals

There were no corporate proposals announced but not completed as at 17 May 2010.

B9. Group borrowings

Total Group borrowings as at 31 March 2010 were as follows :-

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans	34,396	-	34,396
Long term bank loans (USD)	50,606	50,606	-
Long term bank loans (RMB)	13,476	-	13,476
Hire purchase liabilities	28	28	-
Hire purchase liabilities (SGD)	57	57	-
Repayments due within the next 12 months	(22,310)	(9,518)	(12,792)
	<u>76,253</u>	<u>41,173</u>	<u>35,080</u>
Short term bank borrowings			
Short term loans	845	-	845
Short term loans (USD)	36,960	-	36,960
Current portion of long term loans	22,271	9,479	12,792
Hire purchase liabilities	28	28	-
Hire purchase liabilities (SGD)	11	11	-
	<u>60,115</u>	<u>9,518</u>	<u>50,597</u>
Bank overdrafts	266	-	266
	<u>60,381</u>	<u>9,518</u>	<u>50,863</u>

B10. Financial Instruments

The outstanding forward currency contracts as at 31 March 2010 were as follows :-

	Currency	Contract/ Notional value RM'000	Fair Value RM'000
<u>Less than 1 year</u>			
- Buy position	USD	42,583	41,902
- Sell position	USD	53,803	51,268

There is no change to the related accounting policies, risks associated with the financial instruments and policies to mitigate those risks since the last financial year.

B11. Material litigation

There was no material litigation pending as at 17 May 2010.

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

The final single tier dividend for the financial year ended 31 December 2009 of 18 sen per share was approved by shareholders at the 41st Annual General Meeting held on 19 May 2010, and will be paid on Tuesday, 8 June 2010.

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

Dividends Paid / Payable

Dividends paid/payable for the financial year 2009 and up to the date of this report are as follows :-

Financial Year	Type	Rate per share	Payment Date
2009	Interim dividend	5 sen single tier	25 September 2009
2009	Special dividend	50 sen single tier	15 March 2010
2009	Final dividend	18 sen single tier	8 June 2010

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's profit from continuing and discontinued operations 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
24 May 2010

By Order of the Board
Mah Teck Keong
Company Secretary