

PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2010

(The figures have not been audited)

Condensed Consolidated Income Statements For The Year Ended 31 December 2010

| | Individual Quarter 3 months ended 31 December | | Cumulative Quarter 12 months ended 31 December | |
|--|---|------------------------------|--|------------------------------|
| | 2010 RM'000 | 2009 RM'000 (Restated) | 2010 RM'000 | 2009 RM'000 (Restated) |
| <u>Continuing operations</u> | | | | |
| Revenue | 614,780 | 503,640 | 2,274,036 | 2,053,769 |
| Operating expenses | (541,713) | (469,322) | (2,031,244) | (1,893,233) |
| Other operating income | 20,251 | 17,188 | 111,755 | 60,657 |
| Share of net profits less losses of associates | 85,048 | 272,016 | 772,053 | 1,239,603 |
| Share of profit of jointly controlled entity | 190 | 388 | 1,189 | 1,144 |
| Finance costs | (1,103) | (1,492) | (4,759) | (6,550) |
| Profit before tax | 177,453 | 322,418 | 1,123,030 | 1,455,390 |
| Income tax expense | (16,988) | (19,070) | (61,001) | (46,182) |
| Profit for the year from continuing operations | 160,465 | 303,348 | 1,062,029 | 1,409,208 |
| <u>Discontinued operations</u> | | | | |
| Profit for the year from discontinued operations, net of tax | (2,514) | 50,216 | (2,253) | 219,831 |
| Gain on sale of discontinued operations | 2,546 | - | 840,994 | - |
| Profit for the year | 160,497 | 353,564 | 1,900,770 | 1,629,039 |
| Attributable to : | | | | |
| Shareholders of the Company | 152,672 | 351,525 | 1,883,763 | 1,615,964 |
| Minority interests | 7,825 | 2,039 | 17,007 | 13,075 |
| Profit for the year | 160,497 | 353,564 | 1,900,770 | 1,629,039 |
| Basic earnings per share (sen) | | | | |
| - continuing operations | 12.88 | 25.42 | 88.15 | 117.77 |
| - discontinued operations | * | 4.23 | 70.75 | 18.54 |
| | 12.88 | 29.65 | 158.90 | 136.31 |

* Negligible

(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 Year Ended 31 December 2010

| | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|----------------|--------------------|------------------|
| | 3 months ended | | 12 months ended | |
| | 31 December | | 31 December | |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the year | 160,497 | 353,564 | 1,900,770 | 1,629,039 |
| <u>Other comprehensive (loss)/income, net of tax</u> | | | | |
| Exchange differences on translation of foreign operations :- | | | | |
| - Losses arising during the year | (12,004) | (172,737) | (1,076,059) | (156,634) |
| - Reclassification adjustment for gains included in profit or loss | 1,396 | 1 | 1,396 | (7) |
| Fair value of available-for-sale financial assets :- | | | | |
| - Gains arising during the year | 50,481 | 12,995 | 34,574 | 281,312 |
| - Reclassification adjustment for gains included in profit or loss | (37) | (474) | (94) | (1,285) |
| Fair value adjustments arising from acquisition of additional shares in an existing subsidiary | 1,630 | - | 1,630 | - |
| Share of associates' other comprehensive income/(loss) | 4,610 | (16,764) | (25,048) | (134,178) |
| Total comprehensive income | <u>206,573</u> | <u>176,585</u> | <u>837,169</u> | <u>1,618,247</u> |
| Attributable to : | | | | |
| Shareholders of the Company | 197,078 | 175,368 | 820,935 | 1,602,988 |
| Minority interests | 9,495 | 1,217 | 16,234 | 15,259 |
| Total comprehensive income | <u>206,573</u> | <u>176,585</u> | <u>837,169</u> | <u>1,618,247</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-Dec-10 RM'000 | As at 31-Dec-09 RM'000 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Non-current Assets | | (Restated) |
| Property, plant and equipment | 957,177 | 922,405 |
| Investment properties | 212,649 | 209,879 |
| Biological assets | 2,743 | 2,889 |
| Goodwill | 74,617 | 72,444 |
| Other intangible assets | 1,503 | 1,969 |
| Land held for property development | 11,484 | 11,268 |
| Investments in associates | 10,000,272 | 10,628,430 |
| Investment in jointly controlled entity | 25,914 | 29,518 |
| Other investments | 936,126 | 886,440 |
| Deferred tax assets | 4,366 | 5,479 |
| | <u>12,226,851</u> | <u>12,770,721</u> |
| Current Assets | | |
| Inventories | 316,738 | 377,835 |
| Biological assets | 14,525 | 14,320 |
| Other intangible assets | 6,723 | 6,334 |
| Property development costs | 35,385 | 30,793 |
| Receivables | 380,194 | 352,338 |
| Derivative financial instruments | 271 | 193 |
| Cash, bank balances and deposits | 923,682 | 589,003 |
| | <u>1,677,518</u> | <u>1,370,816</u> |
| Non-current assets/disposal group classified as held for sale | 9,721 | 925,423 |
| | <u>1,687,239</u> | <u>2,296,239</u> |
| TOTAL ASSETS | <u><u>13,914,090</u></u> | <u><u>15,066,960</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1,185,500 | 1,185,500 |
| Reserves | 12,088,726 | 12,901,042 |
| Equity attributable to shareholders of the Company | <u>13,274,226</u> | <u>14,086,542</u> |
| Minority interests | 185,284 | 172,817 |
| Total equity | <u><u>13,459,510</u></u> | <u><u>14,259,359</u></u> |

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

| | As at 31-Dec-10 RM'000 | As at 31-Dec-09 RM'000 |
|---|---------------------------------------|---------------------------------------|
| Non-current Liabilities | | (Restated) |
| Long term borrowings | 39,167 | 82,813 |
| Deferred tax liabilities | 69,637 | 71,552 |
| | <u>108,804</u> | <u>154,365</u> |
| Current Liabilities | | |
| Payables | 255,670 | 342,336 |
| Derivative financial instruments | 467 | 212 |
| Short term borrowings | 75,093 | 37,654 |
| Taxation | 14,546 | 6,785 |
| | <u>345,776</u> | <u>386,987</u> |
| Liabilities directly associated with disposal group classified as held for sale | - | 266,249 |
| | <u>345,776</u> | <u>653,236</u> |
| Total liabilities | <u>454,580</u> | <u>807,601</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>13,914,090</u></u> | <u><u>15,066,960</u></u> |
| Net assets per share attributable to shareholders of the Company (RM) | <u>11.20</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 Year Ended 31 December 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 | | | |
| 12 months ended 31 December 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 | - | - | 1,613 | (971,351) | 34,383 | (127,839) | 366 | 1,883,763 | 820,935 | 16,234 | 837,169 |
| Transfer of reserves | - | - | (445) | - | - | - | (3,281) | 3,726 | - | - | - |
| Dilution of interest in an associate | - | - | - | (421) | - | - | - | 3,160 | 2,739 | - | 2,739 |
| Acquisition of an existing subsidiary | - | - | - | - | - | - | - | - | - | (1,541) | (1,541) |
| Dividends | - | - | - | - | - | - | - | (1,635,990) | (1,635,990) | (2,226) | (1,638,216) |
| At 31 December 2010 | 1,185,500 | 6,715 | 61,398 | (950,954) | 518,837 | (31,191) | 291,646 | 12,192,275 | 13,274,226 | 185,284 | 13,459,510 |
| 12 months ended 31 December 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 | - | - | - | - | 204,560 | 267,585 | - | 50,741 | 522,886 | 137 | 523,023 |
| Restated | 1,185,500 | 6,715 | 60,675 | 172,631 | 204,560 | 267,585 | 254,191 | 10,603,820 | 12,755,677 | 160,225 | 12,915,902 |
| Total comprehensive income | - | - | - | (151,813) | 279,894 | (170,937) | 29,880 | 1,615,964 | 1,602,988 | 15,259 | 1,618,247 |
| Transfer of reserves | - | - | (445) | - | - | - | 10,490 | (10,045) | - | - | - |
| Dilution of interest in an associate | - | - | - | - | - | - | - | 542 | 542 | - | 542 |
| Acquisition of an existing subsidiary | - | - | - | - | - | - | - | - | - | (176) | (176) |
| Dividend | - | - | - | - | - | - | - | (272,665) | (272,665) | (2,491) | (275,156) |
| At 31 December 2009 | 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 |

(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 Year Ended 31 December 2010

Final

| | 2010 RM'000 | 2009 RM'000 |
|--|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | | |
| - continuing operations | 1,123,030 | 1,455,390 |
| - discontinued operations | 838,741 | 277,087 |
| | <u>1,961,771</u> | <u>1,732,477</u> |
| Adjustments :- | | |
| Non-cash items | (1,582,299) | (1,166,566) |
| Non-operating items | (74,910) | (53,775) |
| Operating profit before working capital changes | <u>304,562</u> | <u>512,136</u> |
| Working capital changes | | |
| Net change in current assets | 61,198 | (8,050) |
| Net change in current liabilities | 9,799 | 46,184 |
| Cash generated from operations | <u>375,559</u> | <u>550,270</u> |
| Tax paid | (46,191) | (77,411) |
| Net cash generated from operating activities | 329,368 | 472,859 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets | (141,906) | (163,559) |
| Deposits for sale of investments | - | 64,624 |
| Proceeds from disposal of property, plant and equipment and investment properties | 39,669 | 1,218 |
| Purchase of investments | (7,134) | (2,064) |
| Proceeds from sale of investments | 1,252,241 | 8,727 |
| Net cash disposed of from discontinued operations | (143,363) | - |
| Return of capital from jointly controlled entity | 3,474 | 17,370 |
| Dividends received | 459,467 | 269,071 |
| Interest received | 34,375 | 8,611 |
| Other investing activities | 17,305 | (5,493) |
| Net cash generated from investing activities | 1,514,128 | 198,505 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank borrowings | (636) | (128,303) |
| Interest paid | (5,126) | (12,598) |
| Dividends paid | (1,638,216) | (275,156) |
| Other financing activities | (6) | (12,519) |
| Net cash used in financing activities | (1,643,984) | (428,576) |
| Net increase in cash and cash equivalents | 199,512 | 242,788 |
| Cash and cash equivalents brought forward | 731,010 | 489,022 |
| Effect of exchange rate changes | (7,051) | (800) |
| Cash and cash equivalents carried forward | 923,471 | 731,010 |
| <u>Cash and cash equivalents represented by :-</u> | | |
| Cash and bank balances | 59,820 | 55,480 |
| Bank deposits | 863,862 | 676,886 |
| Bank overdrafts | (211) | (1,356) |
| | <u>923,471</u> | <u>731,010</u> |

(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. a) 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 140 Investment Property

PPB GROUP BERHAD (8167-W)

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 had an indefinite economic life and with title that was not expected to pass to the lessee at the end of the lease term was classified as operating lease. Upfront payments for the rights to use the leasehold land over a predetermined period were 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 and investment properties.

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 Condensed Consolidated Statement of Financial Position and the following comparative figures have been restated as follows :-

| <u>Condensed Consolidated Statement of Financial Position</u> | <i>As previously reported</i> | <i>Effects</i> | <i>As restated</i> |
|--|-----------------------------------|----------------|--------------------|
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Property, plant and equipment | 860,666 | 61,739 | 922,405 |
| Investment properties | 167,923 | 41,956 | 209,879 |
| Prepaid lease payments | 103,695 | (103,695) | - |

The comparative figures in the Condensed Consolidated 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)

b) Discontinued operations

The financial results of the discontinued operations for the year ended 31 December are as follows :-

| | Individual Quarter 3 months ended 31 December | | Cumulative Quarter 12 months ended 31 December | |
|---|---|-----------|--|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | (655) | 375,366 | 119 | 1,406,975 |
| Operating expenses | (1,860) | (321,749) | (2,374) | (1,148,403) |
| Other operating income | 1 | 12,928 | 2 | 27,488 |
| Share of net profits less losses of associates | - | (14,302) | - | (7,681) |
| Finance costs | - | (432) | - | (1,292) |
| Profit before taxation | (2,514) | 51,811 | (2,253) | 277,087 |
| Income tax expense | - | (1,595) | - | (57,256) |
| Profit for the year | (2,514) | 50,216 | (2,253) | 219,831 |

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 to date 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 year to date.

A6. Dividends paid

| | Individual Quarter 3 months ended 31-Dec-10 RM'000 | Cumulative Quarter 12 months ended 31-Dec-10 RM'000 |
|---|---|--|
| <u>Dividends paid on ordinary shares</u> | | |
| Financial year ended 31.12.2009 :- | | |
| Special dividend - 50 sen per share single tier | - | 592,750 |
| Final dividend - 18 sen per share single tier | - | 213,390 |
| Financial year ended 31.12.2010 :- | | |
| Special dividend - 65 sen per share single tier | - | 770,575 |
| Interim dividend - 5 sen per share single tier | - | 59,275 |
| | - | 1,635,990 |

A7. Segmental reporting

Segmental information in respect of the Group's business segments for the year ended 31 December 2010

| Business Segments: | Continuing Operations | | | | | | | | | | | Discontinued Operation | Total Operations |
|--|--|--|----------------------------------|---|-------------------------------------|-------------------------------------|-------------------|-----------------------|------------------|------------------|-------------------|------------------------|-------------------|
| | 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 | Investments in equity | Other operations | Elimination | Total | Cane plantation | |
| <i>All figures in RM'000</i> | | | | | | | | | | | | | |
| REVENUE | | | | | | | | | | | | | |
| External revenue | 1,177,189 | 369,484 | 252,554 | 108,649 | 91,100 | 40,467 | 75,192 | 42,549 | 116,852 | - | 2,274,036 | 119 | 2,274,155 |
| Inter-segment sales | 83,530 | - | - | 90 | 25,912 | 1,467 | 19,970 | - | 19,064 | (150,033) | - | - | - |
| Total revenue | <u>1,260,719</u> | <u>369,484</u> | <u>252,554</u> | <u>108,739</u> | <u>117,012</u> | <u>41,934</u> | <u>95,162</u> | <u>42,549</u> | <u>135,916</u> | <u>(150,033)</u> | <u>2,274,036</u> | <u>119</u> | <u>2,274,155</u> |
| RESULTS | | | | | | | | | | | | | |
| Segment results | 154,910 | 16,044 | 43,967 | 5,480 | 1,496 | 38,053 | 7,995 | 58,961 | 34,753 | (6,725) | 354,934 | (2,253) | 352,681 |
| Share of associates' profits less losses | 14,852 | - | 1,334 | 2,806 | - | 1,743 | - | - | 751,318 | - | 772,053 | - | 772,053 |
| Share of joint venture's profit | - | - | - | 1,189 | - | - | - | - | - | - | 1,189 | - | 1,189 |
| Interest income | | | | | | | | | | | 33,771 | - | 33,771 |
| Finance costs | | | | | | | | | | | (4,759) | - | (4,759) |
| Unallocated corporate expenses | | | | | | | | | | | (34,158) | - | (34,158) |
| Profit before tax | | | | | | | | | | | <u>1,123,030</u> | <u>(2,253)</u> | <u>1,120,777</u> |
| ASSETS | | | | | | | | | | | | | |
| Segment assets | 877,299 | 166,466 | 228,137 | 69,024 | 46,642 | 263,613 | 111,728 | 936,126 | 304,734 | (42) | 3,003,727 | - | 3,003,727 |
| Investments in associates | 69,820 | - | 4,174 | 32,564 | - | 116,681 | - | - | 9,777,033 | - | 10,000,272 | - | 10,000,272 |
| Investment in jointly controlled entity | - | - | - | 25,914 | - | - | - | - | - | - | 25,914 | - | 25,914 |
| Bank Deposits | | | | | | | | | | | 863,862 | - | 863,862 |
| Taxation | | | | | | | | | | | 14,732 | - | 14,732 |
| Other unallocated corporate assets | | | | | | | | | | | 5,583 | - | 5,583 |
| Total assets | | | | | | | | | | | <u>13,914,090</u> | <u>-</u> | <u>13,914,090</u> |

% of Contribution

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 :-

- a) With the completion of the disposal of 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.
- b) On 7 September 2010, Chemquest Trading (Malaysia) Sdn Bhd and Asia Pacific Microspheres Sdn Bhd, both indirect subsidiaries of PPB which had ceased business operations, were placed under members’ voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965. The respective liquidations are in progress.
- c) On 9 September 2010, PPB acquired the entire issued and paid-up share capital comprising 2 ordinary shares of RM1 each in Forward Prestige Sdn Bhd (now known as Federal Flour Mills Holdings Sdn Bhd (“FFMH”)), for a cash consideration of RM1,600/-. Arising therefrom, FFMH has become a wholly-owned subsidiary of PPB.
- d) On 12 November 2010, Chemquest Sdn Bhd (“CQSB”), a 55%-subsidiary of PPB entered into a sale and purchase agreement with PGEO Group Sdn Bhd (“PGEO”) to dispose of its entire 100% equity interest of 2,500,000 ordinary shares of RM1 each in Minsec Engineering Services Sdn Bhd (“Minsec”) to PGEO, for a cash consideration of RM35 million (“Minsec Disposal”). The Minsec Disposal was completed on 26 November 2010 and Minsec has ceased to be an indirect subsidiary of PPB.
- e) On 3 December 2010, FFM acquired the entire issued and paid-up share capital of RM2 in The Italian Baker Sdn Bhd (“TIBSB”), for a cash consideration of RM2/-. Arising therefrom, TIBSB has become an indirect subsidiary of PPB.

A11. Changes in contingent liabilities or contingent assets

| | As at 31-Dec-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.

PPB GROUP BERHAD (8167-W)**B. BMSB Listing Requirements (Part A of Appendix 9B)****B1. Review of performance for the financial year-to-date**

Group revenue for continuing operations of RM2.3 billion for the financial year ended 31 December 2010 was 10% higher than the RM2.1 billion last year. The increase was mainly due to higher revenue registered by the flour and feed milling division complemented by the flour mill in Indonesia. The environmental engineering, chemicals trading and manufacturing, film exhibition and distribution divisions also contributed higher revenue for the year under review.

Group profit before tax for continuing operations declined 23% to RM1.1 billion compared with that of last year. The flour and feed milling division contributed higher profits due to higher sales and better margins whilst film exhibition and distribution also registered higher profits arising mainly from increased admissions. However, profit contribution for the year from our associate Wilmar International Limited ("Wilmar") decreased by RM533 million largely due to weaker performance in its oilseeds and grains segment.

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

Group profit before tax for continuing operations reduced 44% to RM177 million for the quarter under review compared with the preceding quarter. The flour and feed milling and livestock divisions contributed higher profits due to better margins which was offset by a lower profit contribution from Wilmar and other associates.

B3. Prospects for current financial year

Rising commodity prices and fuel costs, coupled with fluctuating currency exchange rates are the main challenging factors which are expected to impact the Group's operating results in the financial year 2011.

Notwithstanding the above, the outlook for consumer demand in Malaysia and the Asian region remains positive. The Group is confident that the performance for 2011 will be satisfactory.

B4. Variance of actual profit from forecast profit

Not applicable.

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B5. Taxation

| Taxation comprises :- | Individual Quarter 3 months ended 31-Dec-10 RM'000 | Cumulative Quarter 12 months ended 31-Dec-10 RM'000 |
|---|---|--|
| Malaysian taxation based on profit for the year | | |
| Current | 16,703 | 59,756 |
| Deferred | (5,371) | (5,350) |
| | 11,332 | 54,406 |
| Foreign taxation | | |
| Current | 2,315 | 3,754 |
| Deferred | 1,894 | 1,894 |
| | 15,541 | 60,054 |
| (Over)/Underprovision | | |
| Current | (541) | (1,300) |
| Deferred | 1,988 | 2,247 |
| | 16,988 | 61,001 |

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

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

There were no sales of unquoted investments. However there were gains amounting to RM22.3 million on the disposal of properties for the current quarter and financial year to date.

B7. Quoted securities

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

| | Individual Quarter 3 months ended 31-Dec-10 RM'000 | Cumulative Quarter 12 months ended 31-Dec-10 RM'000 |
|------------------------------|---|--|
| Total purchases | 58 | 1,214 |
| Total proceeds from disposal | 112 | 234 |
| Net profit on disposal | 35 | 92 |

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

| | RM'000 |
|--------------------|---------|
| At cost | 410,701 |
| At carrying amount | 935,700 |

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B8. Status of corporate proposals

On 2 December 2010, FFM Berhad ("FFM"), a wholly-owned subsidiary of PPB entered into a subscription agreement with PGEO, a wholly-owned subsidiary of Wilmar for the proposed issuance of 55,781,250 new ordinary shares of RM1 each in FFM to PGEO ("Proposed FFM Share Issuance"). The Ministry of International Trade and Industry had vide its letter dated 23 February 2011 and received by PPB on 28 February 2011, approved the Proposed FFM Share Issuance. The Proposed FFM Share Issuance is targeted to be completed on 8 March 2011.

FFM had on 2 December 2010 also entered into a memorandum of understanding with Wilmar for the proposed acquisition by Waikari Sdn Bhd, a wholly-owned subsidiary of FFM, of 20% equity interests in selected subsidiaries of Wilmar in the People's Republic of China ("Selected Companies"). The parties are currently reviewing the terms and documents in respect of one of the Selected Companies.

B9. Group borrowings

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

| | Total RM'000 | Secured RM'000 | Unsecured RM'000 |
|--|-----------------|-------------------|---------------------|
| Long term bank borrowings | | | |
| Long term bank loans (USD) | 40,544 | 40,544 | - |
| Long term bank loans (RMB) | 10,492 | - | 10,492 |
| Hire purchase liabilities (SGD) | 49 | 49 | - |
| Repayments due within the next 12 months | (11,918) | (9,290) | (2,628) |
| | <u>39,167</u> | <u>31,303</u> | <u>7,864</u> |
| Short term bank borrowings | | | |
| Short term loans | 1,479 | - | 1,479 |
| Short term loans (USD) | 61,485 | - | 61,485 |
| Current portion of long term loans | 11,907 | 9,279 | 2,628 |
| Hire purchase liabilities (SGD) | 11 | 11 | - |
| | <u>74,882</u> | <u>9,290</u> | <u>65,592</u> |
| Bank overdrafts | 211 | - | 211 |
| | <u>75,093</u> | <u>9,290</u> | <u>65,803</u> |

B10. Financial Instruments

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

| | Currency | Contract/ Notional value RM'000 | Fair Value RM'000 |
|-------------------------|----------|---------------------------------------|----------------------|
| <u>Less than 1 year</u> | | | |
| - Buy position | USD | 61,687 | 61,220 |
| - Sell position | USD | 13,068 | 12,797 |

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 21 February 2011.

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B12. Dividend

The Board of Directors is pleased to recommend a final single tier dividend for the financial year ended 31 December 2010 of 18 sen per share (2009 : 18 sen per share single tier) payable on Friday, 10 June 2011 subject to the approval of shareholders at the 42nd Annual General Meeting to be held on Thursday, 19 May 2011.

Together with the special single tier dividend of 65 sen per share and interim single tier dividend of 5 sen per share paid on 28 September 2010, the total dividend paid and payable for the financial year ended 31 December 2010 would be 88 sen per share single tier (2009 : 73 sen per share single tier).

Dividend entitlement/payment date

Notice is hereby given that, subject to shareholders' approval, the final dividend is payable on Friday, 10 June 2011 to shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 24 May 2011.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Tuesday, 24 May 2011 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of BMSB.

Dividends Paid / Payable

Dividends paid for the financial years 2009/2010 and up to the date of this report are as follows :-

| Financial Year | Type | Rate per share (all single tier) | Payment date |
|----------------|---------------------------|----------------------------------|---------------------|
| 2009 | Interim dividend | 5 sen | 25 September 2009 |
| 2009 | Special dividend | 50 sen | 15 March 2010 |
| 2009 | Final dividend | 18 sen | 8 June 2010 |
| 2010 | Special dividend | 65 sen | } 28 September 2010 |
| 2010 | Interim dividend | 5 sen | |
| 2010 | Final dividend (proposed) | 18 sen | 10 June 2011 |

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 year.

There is no diluted earnings per share for the current quarter or financial year 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.

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B15. Realised and Unrealised Profits/Losses

The retained profits of the Group as at 31 December 2010 and 30 September 2010 are analysed as follows :-

| | At the end of Current Quarter 31-Dec-10 RM'000 | At the end of Preceding Quarter 30-Sep-10 RM'000 |
|---|---|---|
| Total retained profits of the Company and its subsidiaries :- | | |
| - Realised | 11,596,784 | 11,501,827 |
| - Unrealised | <u>(21,107)</u> | <u>(17,862)</u> |
| | 11,575,677 | 11,483,965 |
| Total share of retained profits from associates :- | | |
| - Realised | 85,559 | 86,146 |
| - Unrealised | <u>(1,992)</u> | <u>(1,832)</u> |
| - Wilmar International Limited * | 2,394,898 | 2,324,579 |
| Total share of retained profits from jointly controlled entity :- | | |
| - Realised | <u>4,498</u> | <u>13,438</u> |
| | 14,058,640 | 13,906,296 |
| Less : Consolidation adjustments | <u>(1,866,365)</u> | <u>(1,858,386)</u> |
| Total Group retained profits as per consolidated accounts | <u><u>12,192,275</u></u> | <u><u>12,047,910</u></u> |

* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown is considered sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

Kuala Lumpur
28 February 2011

By Order of the Board
Mah Teck Keong
Company Secretary