

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2008**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 31 March 2008**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	808,888	688,768	808,888	688,768
Operating expenses	(684,018)	(630,521)	(684,018)	(630,521)
Other operating income	8,427	6,241	8,427	6,241
Profit from operations	133,297	64,488	133,297	64,488
Net profit from investing activities	6,904	27,165	6,904	27,165
Share of associated companies' profits less losses	277,523	7,011	277,523	7,011
Share of joint venture's profits	180	163	180	163
Finance costs	(935)	(1,112)	(935)	(1,112)
Profit before taxation	416,969	97,715	416,969	97,715
Taxation	(32,646)	(22,502)	(32,646)	(22,502)
Profit for the period from continuing operations	384,323	75,213	384,323	75,213
<u>Discontinued operations</u>				
Profit for the period from discontinued operations, net of tax	-	122,126	-	122,126
Profit for the period	384,323	197,339	384,323	197,339
Attributable to :				
Shareholders of the Company	383,098	168,433	383,098	168,433
Minority interests	1,225	28,906	1,225	28,906
Profit for the period	384,323	197,339	384,323	197,339
Basic earnings per share (sen)				
- continuing operations	32.32	6.28	32.32	6.28
- discontinued operations	-	7.93	-	7.93
	32.32	14.21	32.32	14.21

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual  
Financial Statements for the year ended 31 December 2007  
and the accompanying explanatory notes attached to this report.)

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Balance Sheets**

	<b>As at 31-Mar-08 RM'000</b>	<b>As at 31-Dec-07 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	819,948	810,852
Investment properties	162,906	163,835
Biological assets	2,671	2,681
Prepaid lease payments	131,738	131,635
Goodwill	73,033	73,033
Other intangible assets	2,759	2,977
Land held for property development	3,717	3,693
Investment in associated companies	8,738,806	8,587,695
Investment in jointly controlled entity	39,872	39,403
Other investments	419,719	419,699
Deferred tax assets	1,380	1,431
	<u>10,396,549</u>	<u>10,236,934</u>
<b>Current Assets</b>		
Inventories	504,056	489,902
Biological assets	20,389	21,339
Other intangible assets	8,196	9,476
Property development costs	31,125	28,684
Receivables	501,749	487,573
Cash, bank balances and deposits	802,680	700,658
	<u>1,868,195</u>	<u>1,737,632</u>
Non-current assets classified as held for sale	9,479	9,479
	<u>1,877,674</u>	<u>1,747,111</u>
<b>TOTAL ASSETS</b>	<u>12,274,223</u>	<u>11,984,045</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	10,495,021	10,244,265
Equity attributable to shareholders of the Company	<u>11,680,521</u>	<u>11,429,765</u>
Minority interests	146,819	137,288
<b>Total equity</b>	<u>11,827,340</u>	<u>11,567,053</u>

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Balance Sheets**

	<b>As at 31-Mar-08 RM'000</b>	<b>As at 31-Dec-07 RM'000</b>
<b>Non-current Liabilities</b>		
Long term borrowings	23,575	20,504
Deferred tax liabilities	68,537	68,823
	<u>92,112</u>	<u>89,327</u>
<b>Current Liabilities</b>		
Payables	284,934	280,218
Short term borrowings	44,163	36,471
Taxation	25,674	10,976
	<u>354,771</u>	<u>327,665</u>
<b>Total liabilities</b>	<u>446,883</u>	<u>416,992</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,274,223</u>	<u>11,984,045</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>9.85</u>	<u>9.64</u>
Net assets per share (RM)	<u>9.98</u>	<u>9.76</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual  
Financial Statements for the year ended 31 December 2007  
and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Statement Of Changes In Equity**  
**For The Period Ended 31 March 2008**

**3 months ended 31 March 2008**

At 1 January 2008

Net gains/(losses) recognised directly to equity

Profit for the period

Total recognised income and expenses for the period

Transfer of reserves

Shares issued to minority shareholders of a subsidiary

At 31 March 2008

**3 months ended 31 March 2007**

At 1 January 2007

Net gains/(losses) recognised directly to equity

Profit for the period

Total recognised income and expenses for the period

Transfer of reserves

Acquisition of additional shares in an existing subsidiary

Shares issued to minority shareholders of subsidiaries

Capital reduction by a subsidiary

Dividends

At 31 March 2007

	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	Capital reserve RM'000	Relating to assets held for sale RM'000	Retained profits RM'000			Attributable to shareholders of the Company RM'000
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	-	-	-	(113,109)	(32,507)	-	13,274	(132,342)	(98)	(132,440)
Profit for the period	-	-	-	-	-	-	383,098	383,098	1,225	384,323
Total recognised income and expenses for the period	-	-	-	(113,109)	(32,507)	-	396,372	250,756	1,127	251,883
Transfer of reserves	-	-	(183)	-	6,014	-	(5,831)	-	-	-
Shares issued to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	8,404	8,404
At 31 March 2008	1,185,500	6,715	55,309	(287,955)	212,567	-	10,508,385	11,680,521	146,819	11,827,340
At 1 January 2007	1,185,500	6,715	160,540	(33,901)	175,855	-	3,149,975	4,644,684	886,641	5,531,325
Net gains/(losses) recognised directly to equity	-	-	5,672	(1,608)	1	(808)	(349)	2,908	(10,466)	(7,558)
Profit for the period	-	-	-	-	-	-	168,433	168,433	28,906	197,339
Total recognised income and expenses for the period	-	-	5,672	(1,608)	1	(808)	168,084	171,341	18,440	189,781
Transfer of reserves	-	-	(565)	-	1	-	564	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	-	(25,740)	(25,740)
Shares issued to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	10,205	10,205
Capital reduction by a subsidiary	-	-	-	-	-	-	-	-	(6,450)	(6,450)
Dividends	-	-	-	-	-	-	-	-	(14,442)	(14,442)
At 31 March 2007	1,185,500	6,715	165,647	(35,509)	175,857	(808)	3,318,623	4,816,025	868,654	5,684,679

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report.)

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Cash Flow Statements**  
**For The Period Ended 31 March 2008**

	3 months ended 31 March	
	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
Continuing operations	416,969	97,715
Discontinued operations	-	146,170
	416,969	243,885
Adjustments :-		
Non-cash items	(259,919)	(42,841)
Non-operating items	(5,819)	970
Operating profit before working capital changes	151,231	202,014
Working capital changes		
Net change in current assets	(12,965)	(13,410)
Net change in current liabilities	(6,117)	(80,137)
Cash generated from operations	132,149	108,467
Tax paid	(17,682)	(39,412)
<b>Net cash generated from operating activities</b>	<b>114,467</b>	<b>69,055</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(38,760)	(128,665)
Proceeds from disposal of property, plant and equipment	565	223
Purchase of investments	-	(94,257)
Proceeds from sale of investments	-	26,506
Redemption of preference shares in an associated company	-	34,035
Dividends received	1,415	30,816
Interest received	5,469	5,313
Other investing activities	(189)	(4,639)
<b>Net cash used in investing activities</b>	<b>(31,500)</b>	<b>(130,668)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued to minority shareholders of subsidiary companies	8,404	10,205
Bank borrowings	10,342	277,532
Interest paid	(975)	(15,188)
Dividends paid	-	(14,442)
Other financing activities	2,475	(10,306)
<b>Net cash generated from financing activities</b>	<b>20,246</b>	<b>247,801</b>
<b>Net increase in cash and cash equivalents</b>	<b>103,213</b>	<b>186,188</b>
Cash and cash equivalents at 1 January	699,411	750,981
Effect of exchange rate changes	(2,031)	(2,991)
<b>Cash and cash equivalents at 31 March</b>	<b>800,593</b>	<b>934,178</b>
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	72,419	61,757
Bank deposits	730,226	813,312
Bank overdrafts	(2,052)	(2,290)
<u>Classified as held for sale :-</u>		
Cash & bank	-	26,105
Bank deposits	-	35,631
Bank overdrafts	-	(337)
	<b>800,593</b>	<b>934,178</b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report.)

**PPB GROUP BERHAD (8167-W)****NOTES****A. FRS (Financial Reporting Standards) 134 - Paragraph 16****A1. Accounting policies**

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2007.

The adoption of the following revised FRSs from financial period beginning on 1 January 2008 are as follows :-

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have any significant financial impact on the Group.

**A2. Seasonal or Cyclicity of Interim Operations**

The Group's operations are not materially affected by any seasonal or cyclical factors.

**A3. Unusual items affecting assets, liabilities, equity, net income, or cash flow**

There were no items of an unusual nature, size or incidence that affect the assets, liabilities, equity, net income and cash flows of the Group during the current period under review.

**A4. Nature and amount of changes in estimates**

There were no changes in estimates of amounts reported in prior financial years which have a material effect in the current interim period.

**A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year-to-date.

**A6. Dividends paid**

There was no dividend paid during the financial period under review.

## PPB GROUP BERHAD (8167-W)

## A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 31 March 2008

<i>All figures in RM'000</i>	Sugar refining and cane plantation	Grains trading, flour and feed milling	Livestock farming	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
<b>Information About Business Segments:</b>										
<b>REVENUE</b>										
External sales	237,577	323,518	15,333	16,766	42,423	21,112	36,102	116,057	-	808,888
Inter-segment sales	-	22,674	3,844	-	-	344	78	4,452	(31,392)	-
Total revenue	<u>237,577</u>	<u>346,192</u>	<u>19,177</u>	<u>16,766</u>	<u>42,423</u>	<u>21,456</u>	<u>36,180</u>	<u>120,509</u>	<u>(31,392)</u>	<u>808,888</u>
<b>RESULT</b>										
Segment operating results	40,295	66,126	(2,065)	(496)	5,371	7,043	2,632	17,765	414	137,085
Unallocated corporate expenses										(3,788)
Profit from operations										133,297
Investing activities										6,904
Share of associated companies' profits less losses	2,096	3,807	-	1,908	312	1,342	-	268,058	-	277,523
Share of joint venture's profits	-	-	-	180	-	-	-	-	-	180
Finance costs										(935)
Profit before taxation										<u>416,969</u>

**PPB GROUP BERHAD (8167-W)****A8. Valuation of Property, Plant and Equipment**

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

**A9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

**A10. Changes in the composition of the Group**

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period under review.

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

	As at 31-Mar-08 RM'000	As at 31-Dec-07 RM'000
<u>Contingent liabilities</u>		
Unsecured guarantees issued in consideration of credit facilities given to an associated company	2,550	2,550

Chemquest Sdn Bhd, a 55% owned subsidiary of PPB, has granted unsecured corporate guarantees to a third party in respect of works being carried out by its 70% indirect subsidiary, Cipta Wawasan Maju Engineering Sdn Bhd.

Contingent assets

There were no contingent assets as at the end of the current interim period.



## PPB GROUP BERHAD (8167-W)

**B. BMSB Listing Requirements (Part A of Appendix 9B)****B1. Review of Performance for the current quarter and financial year-to-date**

The Group revenue for continuing operations of RM809 million for the period ended 31 March 2008 was 17% higher compared with RM689 million in 2007. The increase was mainly due to improved prices of specialty flour in line with higher world wheat prices and higher sales from the property development division.

Group profit for the period of RM384 million was 95% higher compared with RM197 million in the corresponding period last year. Wilmar International Limited ("Wilmar") an associate company of the Group contributed RM264 million for the current quarter whilst the grains trading, flour and feed milling division also contributed to the higher profit.

*(Note : PPB Group has not recognised its share of RM63 million of Wilmar's unrealised net losses from financial instruments as FRS 139 - Financial Instruments : Recognition and Measurements is not yet effected by the Malaysian Accounting Standards Board.)*

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

The Group profit of RM384 million for the quarter under review was substantially higher when compared with RM120 million registered in the preceding quarter. This was mainly due to the better performance by Wilmar.

**B3. Prospects for current financial year**

High commodity prices for wheat, raw sugar, fuel and ocean freight remain as key factors influencing the Group's businesses in 2008. The Group will take all necessary measures to address these factors.

Based on current performance, it is envisaged that Group results for the financial year 2008 are expected to be better than that of the previous year.

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

Not applicable.

**B5. Taxation**

Taxation comprises:-	Individual Quarter 3 months ended 31-Mar-2008 RM'000	Cumulative Quarter 3 months ended 31-Mar-2008 RM'000
Malaysian taxation based on profit for the period:-		
Current	31,741	31,741
Deferred	(282)	(282)
	31,459	31,459
Foreign taxation		
Current	1,259	1,259
Deferred	-	-
	32,718	32,718
(Over)/underprovision		
Current	(69)	(69)
Deferred	(3)	(3)
	32,646	32,646

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.

## PPB GROUP BERHAD (8167-W)

### 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) There were no purchases or disposals of quoted securities for the current quarter and financial period to-date.

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

	RM'000
At cost	419,875
At book value	419,290
At market value	1,153,067

### B8. Status of corporate proposals

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

The construction of the flour mill is still in progress and is expected to be commissioned in June 2009 based on current schedule.

### B9. Group borrowings

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

	Total RM'000	Secured RM'000	Unsecured RM'000
Long term bank borrowings			
Long term bank loans (USD)	7,904	7,904	-
Long term bank loans (CNY)	17,984	-	17,984
Hire purchase liabilities	386	386	-
Hire purchase liabilities (SGD)	72	72	-
Repayments due within the next 12 months	<u>(2,771)</u>	<u>(199)</u>	<u>(2,572)</u>
	<u>23,575</u>	<u>8,163</u>	<u>15,412</u>
Short term bank borrowings			
Short term loans	21,905	-	21,905
Short term loans (USD)	17,435	-	17,435
Current portion of long term loans	2,572	-	2,572
Hire purchase liabilities	188	188	-
Hire purchase liabilities (SGD)	11	11	-
	<u>42,111</u>	<u>199</u>	<u>41,912</u>
Bank overdrafts	2,052	-	2,052
	<u>44,163</u>	<u>199</u>	<u>43,964</u>

## PPB GROUP BERHAD (8167-W)

### B10. Off Balance Sheet Financial Instruments

#### Foreign Currency Contracts

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument and where the foreign exchange contracts are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

As at 23 May 2008, the Group has hedged outstanding foreign currency contracts that were entered into as hedges for purchases and sales of USD9.4 million equivalent to RM30.7 million and USD12.2 million equivalent to RM38.6 million respectively. These contracts are short term and majority are due to mature within the next two months.

There is minimal credit risk because these contracts are entered into with licensed financial institutions.

Besides a small fee, there is no cash requirement for these instruments.

### B11. Material litigation

There was no material litigation pending as at 23 May 2008.

### B12. Dividend

The Final Dividend for the financial year ended 31 December 2007 was approved by shareholders at the Company's 39th Annual General Meeting held on 16 May 2008 and will be paid on Friday, 6 June 2008.

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

#### **Dividends Paid/Payable**

Dividends paid and payable for the financial year 2007 and up to the date of this report are as follows :-

Financial Year	Type	Rate	Payment Date
2007	Interim dividend	5 sen less 27% income tax	28 September 2007
2007	Final dividend	25 sen less 26% income tax	6 June 2008
2008	Special dividend	62 sen less 26% income tax	12 May 2008

### B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's profit for the current financial period attributable to the shareholders of the Company by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings per share for the current period or financial period-to-date as there were no dilutive potential ordinary shares.

### B14. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report of the preceding annual financial statements.

**Kuala Lumpur**  
**29 May 2008**

*By Order of the Board*  
**Tan Teong Boon**  
*Company Secretary*