

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2008**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 30 June 2008**

|   | Individual Quarter |           | Cumulative Quarter |             |
|---|--------------------|-----------|--------------------|-------------|
|   | 3 months ended     |           | 6 months ended     |             |
|   | 30 June            |           | 30 June            |             |
|   | 2008               | 2007      | 2008               | 2007        |
|   | RM'000             | RM'000    | RM'000             | RM'000      |
| <u>Continuing operations</u>                                      |                    |           |                    |             |
| Revenue   | 841,836            | 729,364   | 1,650,724          | 1,418,132   |
| Operating expenses  | (757,156)          | (668,189) | (1,441,174)        | (1,298,710) |
| Other operating income  | 4,097              | 3,475     | 12,524             | 9,716       |
| Profit from operations  | 88,777             | 64,650    | 222,074            | 129,138     |
| Net profit from investing activities                              | 51,578             | 44,981    | 58,482             | 72,146      |
| Share of associated companies' profits<br>less losses             | 219,374            | (2,547)   | 496,897            | 4,464       |
| Share of joint venture's profits                                  | 186                | 165       | 366                | 328         |
| Finance costs   | (1,771)            | (1,156)   | (2,706)            | (2,268)     |
| Profit before taxation  | 358,144            | 106,093   | 775,113            | 203,808     |
| Taxation  | (21,867)           | (21,170)  | (54,513)           | (43,672)    |
| Profit for the period from continuing<br>operations               | 336,277            | 84,923    | 720,600            | 160,136     |
| <u>Discontinued operations</u>                                    |                    |           |                    |             |
| Profit for the period from discontinued<br>operations, net of tax | -                  | 46,011    | -                  | 168,137     |
| Gain on sale of discontinued<br>operations                        | -                  | 6,392,894 | -                  | 6,392,894   |
| Profit for the period   | 336,277            | 6,523,828 | 720,600            | 6,721,167   |
| Attributable to :   |                    |           |                    |             |
| Shareholders of the Company                                       | 333,123            | 6,513,260 | 716,221            | 6,681,693   |
| Minority interests  | 3,154              | 10,568    | 4,379              | 39,474      |
| Profit for the period   | 336,277            | 6,523,828 | 720,600            | 6,721,167   |
| Basic earnings per share (sen)                                    |                    |           |                    |             |
| - continuing operations   | 28.10              | 7.15      | 60.42              | 13.43       |
| - discontinued operations   | -                  | 542.26    | -                  | 550.19      |
|   | 28.10              | 549.41    | 60.42              | 563.62      |

(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<br/>30-Jun-08<br/>RM'000</b> | <b>As at<br/>31-Dec-07<br/>RM'000</b> |
|--|---------------------------------------|---------------------------------------|
| <b>ASSETS</b>                                      |                                       |                                       |
| <b>Non-current Assets</b>                          |                                       |                                       |
| Property, plant and equipment                      | 874,170                               | 810,852                               |
| Investment properties                              | 170,051                               | 163,835                               |
| Biological assets                                  | 2,893                                 | 2,681                                 |
| Prepaid lease payments                             | 131,027                               | 131,635                               |
| Goodwill   | 73,093                                | 73,033                                |
| Other intangible assets                            | 2,709                                 | 2,977                                 |
| Land held for property development                 | 6,048                                 | 3,693                                 |
| Investment in associated companies                 | 8,995,175                             | 8,587,695                             |
| Investment in jointly controlled entity            | 41,740                                | 39,403                                |
| Other investments                                  | 420,588                               | 419,699                               |
| Deferred tax assets                                | 198                                   | 1,431                                 |
|  | <u>10,717,692</u>                     | <u>10,236,934</u>                     |
| <b>Current Assets</b>                              |                                       |                                       |
| Inventories  | 476,837                               | 489,902                               |
| Biological assets                                  | 24,188                                | 21,339                                |
| Other intangible assets                            | 8,541                                 | 9,476                                 |
| Property development costs                         | 34,818                                | 28,684                                |
| Receivables  | 497,092                               | 487,573                               |
| Cash, bank balances and deposits                   | 330,032                               | 700,658                               |
|  | <u>1,371,508</u>                      | <u>1,737,632</u>                      |
| Non-current assets classified as held for sale     | 9,479                                 | 9,479                                 |
|  | <u>1,380,987</u>                      | <u>1,747,111</u>                      |
| <b>TOTAL ASSETS</b>                                | <u><u>12,098,679</u></u>              | <u><u>11,984,045</u></u>              |
| <b>EQUITY AND LIABILITIES</b>                      |                                       |                                       |
| <b>Equity</b>                                      |                                       |                                       |
| Share capital                                      | 1,185,500                             | 1,185,500                             |
| Reserves   | 10,187,107                            | 10,244,265                            |
| Equity attributable to shareholders of the Company | <u>11,372,607</u>                     | <u>11,429,765</u>                     |
| Minority interests                                 | 158,962                               | 137,288                               |
| <b>Total equity</b>                                | <u><u>11,531,569</u></u>              | <u><u>11,567,053</u></u>              |

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

|  | <b>As at<br/>30-Jun-08<br/>RM'000</b> | <b>As at<br/>31-Dec-07<br/>RM'000</b> |
|--|---------------------------------------|---------------------------------------|
| <b>Non-current Liabilities</b>   |                                       |                                       |
| Long term borrowings   | 53,229                                | 20,504                                |
| Deferred tax liabilities   | 69,950                                | 68,823                                |
|  | <u>123,179</u>                        | <u>89,327</u>                         |
| <b>Current Liabilities</b>   |                                       |                                       |
| Payables   | 249,462                               | 280,218                               |
| Short term borrowings  | 161,142                               | 36,471                                |
| Taxation   | 33,327                                | 10,976                                |
|  | <u>443,931</u>                        | <u>327,665</u>                        |
| <b>Total liabilities</b>   | <u>567,110</u>                        | <u>416,992</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                      | <u>12,098,679</u>                     | <u>11,984,045</u>                     |
| Net assets per share attributable to shareholders of the<br>Company (RM) | <u>9.59</u>                           | <u>9.64</u>                           |
| Net assets per share (RM)  | <u>9.73</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 30 June 2008**

|  |                         |                         | Non-distributable             |  | Distributable             |                            | Attributable to shareholders of the Company<br>RM'000 | Minority interests<br>RM'000 | Total equity<br>RM'000 |
|--|-------------------------|-------------------------|-------------------------------|--|---------------------------|----------------------------|---|------------------------------|------------------------|
|  | Share capital<br>RM'000 | Share premium<br>RM'000 | Revaluation reserve<br>RM'000 | Exchange translation reserve<br>RM'000 | Capital reserve<br>RM'000 | Retained profits<br>RM'000 |   |                              |                        |
| <b><u>6 months ended 30 June 2008</u></b>                  |                         |                         |                               |  |                           |                            |   |                              |                        |
| At 1 January 2008  | 1,185,500               | 6,715                   | 55,492                        | (174,846)                              | 239,060                   | 10,117,844                 | 11,429,765  | 137,288                      | 11,567,053             |
| Net gains/(losses) recognised directly to equity           | -                       | -                       | 5,924                         | 5,579                                  | (34,932)                  | 13,274                     | (10,155)  | 925                          | (9,230)                |
| Profit for the period                                      | -                       | -                       | -                             | -                                      | -                         | 716,221                    | 716,221   | 4,379                        | 720,600                |
| Total recognised income and expenses for the period        | -                       | -                       | 5,924                         | 5,579                                  | (34,932)                  | 729,495                    | 706,066   | 5,304                        | 711,370                |
| Transfer of reserves                                       | -                       | -                       | (367)                         | -                                      | 10,514                    | (10,147)                   | -   | -                            | -                      |
| Acquisition of additional shares in an existing subsidiary | -                       | -                       | -                             | -                                      | -                         | -                          | -   | (55)                         | (55)                   |
| Shares issued to minority shareholders of a subsidiary     | -                       | -                       | -                             | -                                      | -                         | -                          | -   | 17,003                       | 17,003                 |
| Dividends  | -                       | -                       | -                             | -                                      | -                         | (763,224)                  | (763,224)   | (578)                        | (763,802)              |
| At 30 June 2008  | 1,185,500               | 6,715                   | 61,049                        | (169,267)                              | 214,642                   | 10,073,968                 | 11,372,607  | 158,962                      | 11,531,569             |
| <b><u>6 months ended 30 June 2007</u></b>                  |                         |                         |                               |  |                           |                            |   |                              |                        |
| 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           | -                       | -                       | 5,697                         | 2,535                                  | (47,157)                  | -                          | (38,925)  | (8,722)                      | (47,647)               |
| Profit for the period                                      | -                       | -                       | -                             | -                                      | -                         | 6,681,693                  | 6,681,693   | 39,474                       | 6,721,167              |
| Total recognised income and expenses for the period        | -                       | -                       | 5,697                         | 2,535                                  | (47,157)                  | 6,681,693                  | 6,642,768   | 30,752                       | 6,673,520              |
| Transfer of reserves                                       | -                       | -                       | (106,362)                     | -                                      | (45,600)                  | 151,962                    | -   | -                            | -                      |
| Disposal of shares in subsidiaries                         | -                       | -                       | -                             | -                                      | -                         | -                          | -   | (673,302)                    | (673,302)              |
| Acquisition of additional shares in an existing subsidiary | -                       | -                       | -                             | -                                      | -                         | -                          | -   | (29,244)                     | (29,244)               |
| Shares issued to minority shareholders of subsidiaries     | -                       | -                       | -                             | -                                      | -                         | -                          | -   | 9,886                        | 9,886                  |
| Capital reduction by subsidiaries                          | -                       | -                       | -                             | -                                      | -                         | -                          | -   | (53,700)                     | (53,700)               |
| Dividends  | -                       | -                       | -                             | -                                      | -                         | (129,812)                  | (129,812)   | (15,557)                     | (145,369)              |
| At 30 June 2007  | 1,185,500               | 6,715                   | 59,875                        | (31,366)                               | 83,098                    | 9,853,818                  | 11,157,640  | 155,476                      | 11,313,116             |

(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 30 June 2008**

|   | <b>6 months ended 30 June</b> |                  |
|---|-------------------------------|------------------|
|   | <b>2008</b>                   | <b>2007</b>      |
|   | <b>RM'000</b>                 | <b>RM'000</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                               |                  |
| Profit before taxation  |                               |                  |
| Continuing operations   | 775,113                       | 203,808          |
| Discontinued operations   | -                             | 6,592,435        |
|   | 775,113                       | 6,796,243        |
| Adjustments :-  |                               |                  |
| Non-cash items  | (459,404)                     | (40,370)         |
| Non-operating items   | (54,127)                      | (6,435,560)      |
| Operating profit before working capital changes   | 261,582                       | 320,313          |
| Working capital changes   |                               |                  |
| Net change in current assets  | (1,807)                       | (169,429)        |
| Net change in current liabilities   | (38,312)                      | 4,927            |
| Cash generated from operations  | 221,463                       | 155,811          |
| Tax paid  | (33,353)                      | (58,595)         |
| <b>Net cash generated from operating activities</b>   | <b>188,110</b>                | <b>97,216</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                               |                  |
| Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets | (103,216)                     | (165,023)        |
| Proceeds from disposal of property, plant and equipment   | 666                           | 5,672            |
| Purchase of investments   | (102)                         | (106,442)        |
| Proceeds from sale of investments   | 372                           | 21,322           |
| Redemption of preference shares in an associated company  | -                             | 33,912           |
| Dividends received  | 123,539                       | 70,667           |
| Interest received   | 10,057                        | 12,268           |
| Subsidiary companies - net cash disposed  | -                             | (77,633)         |
| Other investing activities  | 1,224                         | 10,637           |
| <b>Net cash generated from/(used in) investing activities</b>   | <b>32,540</b>                 | <b>(194,620)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                               |                  |
| Shares issued to minority shareholders of subsidiary companies  | 17,003                        | 9,886            |
| Bank borrowings   | 157,182                       | 360,695          |
| Interest paid   | (2,732)                       | (16,345)         |
| Dividends paid  | (763,802)                     | (145,369)        |
| Other financing activities  | 2,551                         | (59,714)         |
| <b>Net cash (used in)/generated from financing activities</b>   | <b>(589,798)</b>              | <b>149,153</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(369,148)</b>              | <b>51,749</b>    |
| Cash and cash equivalents at 1 January  | 699,411                       | 750,981          |
| Effect of exchange rate changes   | (1,124)                       | (2,691)          |
| <b>Cash and cash equivalents at 30 June</b>   | <b>329,139</b>                | <b>800,039</b>   |
| <u>Cash and cash equivalent represented by :-</u>   |                               |                  |
| Cash & bank   | 86,215                        | 62,486           |
| Bank deposits   | 243,782                       | 739,702          |
| Bank overdrafts   | (858)                         | (2,158)          |
|   | 329,139                       | 800,030          |
| Bank balance classified as held for sale  | -                             | 9                |
|   | <b>329,139</b>                | <b>800,039</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**

|  | Individual<br>Quarter<br>3 months<br>ended<br>30-Jun-2008<br>RM'000 | Cumulative<br>Quarter<br>6 months<br>ended<br>30-Jun-2008<br>RM'000 |
|--|---|---|
| <u>Dividends paid on ordinary shares</u>             |   |   |
| 2008 : Special dividend - 62 sen less 26% income tax | 543,907   | 543,907   |
| 2007 : Final dividend - 25 sen less 26% income tax   | 219,317   | 219,317   |
|  | <u>763,224</u>  | <u>763,224</u>  |

## PPB GROUP BERHAD (8167-W)

## A7. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 June 2008

| <i>All figures in RM'000</i>                       | Sugar<br>refining<br>and cane<br>plantation | Grains<br>trading,<br>flour<br>and feed<br>milling | Livestock<br>farming | Environmental<br>engineering,<br>waste<br>management<br>and utilities | Film<br>exhibition<br>and<br>distribution | Property<br>investment<br>and<br>development | Chemicals<br>trading<br>and<br>manufacturing | Other<br>operations | Elimination     | Consolidated     |
|--|---|--|----------------------|---|---|--|--|---------------------|-----------------|------------------|
| <b>Information About Business Segments:</b>        |   |  |                      |   |   |  |  |                     |                 |                  |
| <b>REVENUE</b>                                     |   |  |                      |   |   |  |  |                     |                 |                  |
| External sales                                     | 478,086                                     | 625,587  | 32,765               | 72,222  | 88,141                                    | 33,358                                       | 77,866                                       | 242,699             | -               | 1,650,724        |
| Inter-segment sales                                | -   | 47,060   | 7,185                | -   | -   | 687  | 206  | 9,666               | (64,804)        | -                |
| Total revenue                                      | <u>478,086</u>                              | <u>672,647</u>                                     | <u>39,950</u>        | <u>72,222</u>   | <u>88,141</u>                             | <u>34,045</u>                                | <u>78,072</u>                                | <u>252,365</u>      | <u>(64,804)</u> | <u>1,650,724</u> |
| <b>RESULT</b>                                      |   |  |                      |   |   |  |  |                     |                 |                  |
| Segment operating results                          | 70,302                                      | 101,978  | (4,635)              | 1,030   | 12,356                                    | 11,475                                       | 6,660  | 30,055              | 557             | 229,778          |
| Unallocated corporate expenses                     |   |  |                      |   |   |  |  |                     |                 | (7,704)          |
| Profit from operations                             |   |  |                      |   |   |  |  |                     |                 | 222,074          |
| Investing activities                               |   |  |                      |   |   |  |  |                     |                 | 58,482           |
| Share of associated companies' profits less losses | 1,021                                       | 7,387  | -                    | 3,070   | 614                                       | 3,435  | -  | 481,370             | -               | 496,897          |
| Share of joint venture's profits                   | -   | -  | -                    | 366   | -   | -  | -  | -                   | -               | 366              |
| Finance costs                                      |   |  |                      |   |   |  |  |                     |                 | (2,706)          |
| Profit before taxation                             |   |  |                      |   |   |  |  |                     |                 | <u>775,113</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, except for the following :-

- (a) On 15 April 2008, FFM Feedmills (Sarawak) Sdn Bhd, a 75% indirect subsidiary of PPB, disposed of its 100% equity interest of 2 ordinary shares of RM1.00 each in Sri Aman Feedmills Sdn Bhd for a cash consideration of RM2.00 and Sri Aman Feedmills Sdn Bhd ceased to be a subsidiary of PPB.
- (b) On 15 May 2008, PPB Leisure Holdings Sdn Bhd ("PPBLH"), a wholly-owned subsidiary of PPB, acquired from Golden Harvest Films Distribution Holdings Ltd, British Virgin Islands, its entire shareholding of 100,000 ordinary shares of RM1.00 each representing 50% equity interest in Golden Screen Film Distribution Co Sdn Bhd ("GSFDC") for cash at par totaling RM100,000 and GSFDC has become an indirect subsidiary of PPB. Prior to the acquisition, PPBLH owned 50% equity interest in GSFDC.

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

|  | As at<br>30-Jun-08<br>RM'000 | As at<br>31-Dec-07<br>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 financial period**

Group revenue for continuing operations of RM1.65 billion for the period ended 30 June 2008 was 16% higher compared with RM1.42 billion in 2007. The increase was mainly due to higher selling prices for specialty flour and animal feed in line with higher commodity prices. The environmental engineering and chemical manufacturing divisions also generated higher revenue.

Group profit before tax for continuing operations of RM775 million was substantially higher compared with RM204 million in the corresponding period last year. Whilst the grains trading, flour and feed milling division performed satisfactorily, Wilmar International Limited ("Wilmar") an associate company of the Group contributed a significant RM473 million for the first six months.

*(Note : PPB Group has not recognised its share of RM75 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**

Group profit before tax for continuing operations of RM358 million for the quarter under review was 14% lower when compared with RM417 million registered in the preceding quarter. The sugar and flour milling divisions achieved lower profits in the quarter due to higher raw material costs. Wilmar also contributed lower profits to the Group.

**B3. Prospects for current financial year**

Prices of wheat, raw sugar, fuel and ocean freight continue to be key factors affecting the Group's profitability. The Group's operations for the financial year 2008 are expected to perform satisfactorily and with higher contributions from Wilmar, the overall results for 2008 will be better than that of the previous year.

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

Not applicable.

**B5. Taxation**

| Taxation comprises:-                                | Individual<br>Quarter<br>3 months<br>ended<br>30-Jun-2008<br>RM'000 | Cumulative<br>Quarter<br>6 months<br>ended<br>30-Jun-2008<br>RM'000 |
|---|---|---|
| Malaysian taxation based on profit for the period:- |   |   |
| Current   | 21,676  | 53,417  |
| Deferred  | 474   | 192   |
|   | 22,150  | 53,609  |
| Foreign taxation                                    |   |   |
| Current   | (725)   | 534   |
| Deferred  | 1,183   | 1,183   |
|   | 22,608  | 55,326  |
| (Over)/underprovision                               |   |   |
| Current   | 143   | 74  |
| Deferred  | (884)   | (887)   |
|   | 21,867  | 54,513  |

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

|                               | Individual<br>Quarter<br>3 months<br>ended<br>30-Jun-2008<br>RM'000 | Cumulative<br>Quarter<br>6 months<br>ended<br>30-Jun-2008<br>RM'000 |
|-------------------------------|---|---|
| Total purchases               | 61  | 61  |
| Total proceeds from disposals | -   | -   |
| Profit on disposals           | -   | -   |

- (b) Total investments in quoted securities as at 30 June 2008 were as follows:-

|                 | RM'000    |
|-----------------|-----------|
| At cost         | 420,166   |
| At book value   | 420,159   |
| At market value | 1,005,115 |

**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.

## PPB GROUP BERHAD (8167-W)

**B9. Group borrowings**

Total Group borrowings as at 30 June 2008 were as follows:-

|  | Total<br>RM'000 | Secured<br>RM'000 | Unsecured<br>RM'000 |
|--|-----------------|-------------------|---------------------|
| <b>Long term bank borrowings</b>         |                 |                   |                     |
| Long term bank loans (USD)               | 36,962          | 36,962            | -                   |
| Long term bank loans (CNY)               | 18,740          | -                 | 18,740              |
| Hire purchase liabilities                | 337             | 337               | -                   |
| Hire purchase liabilities (SGD)          | 56              | 56                | -                   |
| Repayments due within the next 12 months | (2,866)         | (186)             | (2,680)             |
|  | <u>53,229</u>   | <u>37,169</u>     | <u>16,060</u>       |
| <b>Short term bank borrowings</b>        |                 |                   |                     |
| Bills payable                            | 120,674         | -                 | 120,674             |
| Short term loans                         | 25,400          | -                 | 25,400              |
| Short term loans (USD)                   | 11,344          | -                 | 11,344              |
| Current portion of long term loans       | 2,680           | -                 | 2,680               |
| Hire purchase liabilities                | 175             | 175               | -                   |
| Hire purchase liabilities (SGD)          | 11              | 11                | -                   |
|  | <u>160,284</u>  | <u>186</u>        | <u>160,098</u>      |
| Bank overdrafts                          | 858             | -                 | 858                 |
|  | <u>161,142</u>  | <u>186</u>        | <u>160,956</u>      |

**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 20 August 2008, the Group's outstanding foreign currency contracts were as follows :-

| Currency                               | Contract<br>Amount<br>'000 | Equivalent<br>Amount in<br>RM'000 |
|--|----------------------------|-----------------------------------|
| <b><u>Forward Contracts Bought</u></b> |                            |                                   |
| Swiss Franc                            | 3,833                      | 12,036                            |
| Euro                                   | 802                        | 3,549                             |
| Japanese Yen                           | 114,660                    | 3,586                             |
| <b><u>Forward Contracts Sold</u></b>   |                            |                                   |
| US Dollar                              | 14,748                     | 48,322                            |

These contracts are short term in nature and the 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. There is no cash requirement for these instruments other than a minimal fee.

**B11. Material litigation**

There was no material litigation pending as at 20 August 2008.

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

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2008 of 5 sen per share (2007 : 5 sen less 27% income tax) payable on Monday, 29 September 2008.

**Dividend payment/entitlement date**

Notice is hereby given that the interim single tier dividend will be paid on Monday, 29 September 2008 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 12 September 2008.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 12 September 2008 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

**Dividends Paid/Payable**

Dividends paid 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                  |
| 2008           | Interim single tier dividend | 5 sen single tier dividend | Payable on 29 September 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**  
**26 August 2008**

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