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investorupdate

feature article

PPB HARTABINA SDN BHD

PPB Hartabina Sdn Bhd (PPBH) was incorporated in 1972 and became a wholly-owned subsidiary of PPB Group Berhad in 1982. PPBH plays a significant role in property development especially at its primary landbank in Taman Segar, Cheras where PPBH has developed residential properties and commercial complexes.

Today, PPBH's activities are in three main areas, namely:

- Residential development
- Commercial development
- Property management



Cheras LeisureMall

feature article



Bukit Segar Phase 1 (2 1/2 storey semi detached)

OVERVIEW OF BUSINESS

“Building vacation homes in the city”

A home within the heart of Kuala Lumpur and yet surrounded by nature's wondrous hills, lush greenery and fresh air.

Recognising the increasing demand for elite homes in good locations by discerning house buyers, PPBH is currently developing 41.2 acres of prime hilly land in Bukit Segar which is located 10 minutes from KL city center into a variety of bungalows, semi-detached houses and bungalow lots designed with elegant architectural features and luxurious built-ups.

The bungalows are offered in 3 aesthetic designs with average built-up areas ranging from 3,822 sf to 5,704 sf priced from RM1.1 million upwards. The semi-detached houses which range from 2,578 sf to 3,550 sf are priced from RM580,000 upwards and offer a variety of 6 stylish designs to suit personal preference.

The project is being developed in two phases: -

- **Phase 1** launched in March 2001 offered 150 units of semi-detached houses, 17 bungalows and 11 pieces of land. It received overwhelming response with 76% of the total units sold with the balance comprising solely bumiputra allocated lots. Completion is scheduled for April 2003.

To capitalise on the success of the first launch and meeting the demand of potential house buyers who missed out on Phase 1,

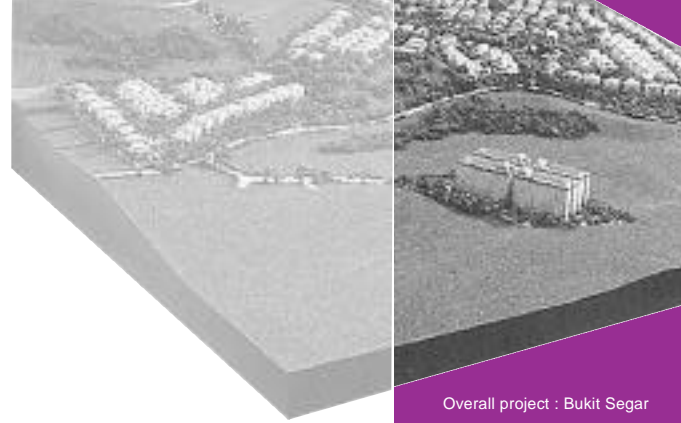
- **Phase 2** was launched in May 2002 providing 114 units of semi-detached houses, 5 bungalows and 2 pieces of land. To date, 61% of the non-bumiputra allocated units has been sold and completion is targeted for May 2004.

The Bukit Segar homes are sought after for their privacy and country-style concept. Another saleable feature is attributed to their freehold status.

In line with its social commitment, 576 units for low cost flats are currently being constructed and will be completed in 2004.



Bukit Segar Phase 1
(2 storey semi detached)



Overall project : Bukit Segar

Property Management

PPBH owns and manages two commercial properties in Cheras. The Cheras LeisureMall, recognized as the most vibrant shopping complex in the southeastern part of Kuala Lumpur has 300,000 sf of lettable area and houses a total of 159 tenants. The Mall enjoys 100% occupancy because of its central location and good property management.

The other commercial property is a 9-storey building known as Cheras Plaza which is presently tenanted by an educational institution.

PPBH's business portfolio extends to property and asset management of prime commercial properties located throughout Malaysia owned by the PPB Group.

Future Development

PPBH's future plans include developing the remaining 20 acres of land in Bukit Segar. Which has been earmarked for a low density, up market residential development comprising mainly of luxury bungalow units.

The Company is constantly sourcing for additional land bank with good development potential into residential or commercial properties.

Financial Highlight

PPBH's current residential development is expected to contribute a total of RM260 million in sales revenue to the Company. For year 2001, PPBH recorded a profit of RM7.1 million due mainly to the successful launch of Phase 1 of its residential development at Bukit Segar, Cheras. The repeat success of Phase 2 of the residential homes will assure PPBH of higher profits for year 2002.

happenings



HOUSING DEVELOPMENT LAUNCH BY SELETAR SDN BHD

A PLACE TO CALL HOME ...

Seletar Sdn Bhd, a 100% subsidiary of PPB, has embarked on its first development project known as Taman Sinar Mentari. Nestled in the heart of Bedong, Kedah Darul Aman, Taman Sinar Mentari is a housing project comprising 1111 units with estimated gross sales value of RM79.0 million. The land area covering 120 acres was formerly an oil palm estate.

Phase I of the residential development features a total of 731 units of which 507 units are open for sale comprising single storey houses with prices ranging from RM35,000 to RM118,800 as follows :-

- 245 units of single-storey low cost terrace with built-up area of 645 sf
- 45 units of single storey terrace (Type A) with built up area of 1,076 sf
- 151 units of single storey terrace (Type B) with built up area of 1,115 sf
- 62 units of single storey semi-detached with built up area of 1,154 sf

Today, a total of 140 units have been sold with an estimated sales value of RM6.8 million since its launch on 1 June 2002. The above units are scheduled for completion by December 2003.



Taman Sinar Mentari
Bedong - Kedah darul Aman Project



PHASE II HOUSING DEVELOPMENT LAUNCH BY PPBH

LAUNCH OF PHASE II - BUKIT SEGAR HOMES

PPB Hartabina Sdn Bhd launched its Phase II of Bukit Segar residential houses on 2 May 2002 with a showcase of 121 units of semi-detached houses and bungalow lots of varying built-up areas.

Potential homebuyers were spoilt for choice with 5 types of home designs built on 70 acres of prime hilly land, its location within the city limit, freehold status and affordable pricing. Furthermore, PPBH is a reputable developer with a proven track record of delivering homes as per schedule.

It was no surprise that some of the purchasers were seen queuing as early as 4.00 a.m. even though the registration counters opened at 9.00 a.m. Riding on the success of Phase I, the launch saw a brisk sale of 40 units.

33RD ANNUAL GENERAL MEETING OF PPB GROUP BERHAD

PPB held its 33rd Annual General Meeting (AGM) on 3 May 2002 at Wisma Jerneh, Kuala Lumpur which was attended by 250 shareholders and proxies.

During the AGM, PPB shareholders were given the opportunity to raise questions and seek clarification pertaining to the financial results as well as the latest developments in the Group. The Chairman, together with the board members, management staff and auditors of the Company, Messrs Moores Rowland, dealt with the numerous questions raised by the shareholders at the Meeting.

PPB shareholders approved the audited financial statements for the year ended 31 December 2001, payment of final dividend, increase in Directors' fees, re-election of Directors and re-appointment of Auditors. The shareholders also approved the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.



ANALYST BRIEFING

3 MAY 2002, an Analyst Briefing was held at Wisma Jerneh, Kuala Lumpur to review the results of PPB for the financial year ended 31 December 2001 and the latest developments by the Group. Twenty analysts and fund managers from various local research houses and securities firms attended the Briefing.

The Briefing began with presentations from the CEOs of the main activities of the Group followed by a Q&A session which generated active interactions between the analysts and CEOs. The Briefing ended well with all enjoying a sumptuous high tea and having a better understanding of the Group.



STAFF TRAINING

PPB emphasizes on continuous training to equip its staff with the latest developments in the business environment, not only in operational issues but also in the financial and reporting field.

A 2-day training on the MASB Accounting Standards was conducted for the finance department personnel of the PPB Group of companies on 29 and 30 March 2002. PPB Group engaged Associate Professor Tan Liong Tong who is the Technical Consultant of PPB Group's Auditors, Messrs Moores Rowland. The course educated the staff on the new accounting concepts and treatments that have been instituted by the MASB to ensure more accurate and transparent disclosure to shareholders.

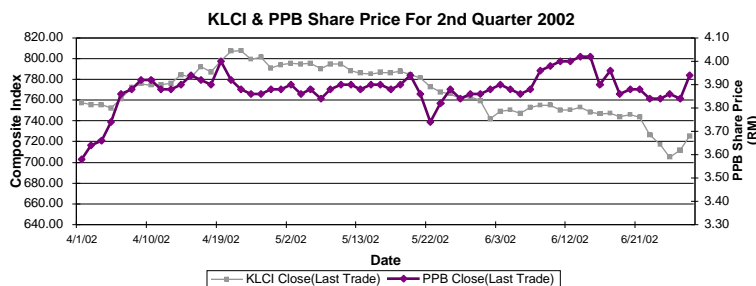
A training course conducted by KPMG on the risk-based internal auditing was organized for the staff of PPB's Internal Audit Department (IAD) on 20 and 21 May 2002. The course has provided the IAD staff with an in-depth knowledge of the steps and techniques in performing risk-based auditing, identifying and controlling key IT risks and awareness in the importance of business continuity management.

share analysis

on 30 June 02

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 2ND Q 2002

	2nd Q 2002	1st Q 2002	% change
PPB share price			
Closing price (high)	4.02	3.60	11.67%
Closing price (low)	3.58	3.30	8.48%
Month end closing price	3.94	3.56	10.67%
Weighted share price	3.88	3.46	12.14%
Market capitalization (RM' million)	1,933.06	1,746.62	10.67%
PPB share volume			
Daily volume (high)	742,000	774,000	-4.13%
Daily volume (low)	17,000	2,000	750.00%
Average daily volume	211,726	184,052	15.04%
Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	808.07	761.01	6.18%
KLCI closing (low)	705.04	682.83	3.25%
KLCI month end closing	725.44	756.10	-4.06%



The KLCI closed 30.66 points lower at 725.44 on 28 June 2002, compared with 756.10 points on 29 March 2002. The sudden news of Prime Minister Datuk Seri Dr Mahathir Mohamad's resignation and retraction and worries over US telecom giant WorldCom Inc's accounting scandal resulted in the KLCI closing lower at 705.44 points on 26 June 2002. However, local market sentiments recovered after Malaysia's ruling party announced that the Prime Minister would stay in office until late 2003 to allow for orderly political transition.

PPB's proactive interaction with investment analysts has generated a wider coverage of the company and renewed investor interest in PPB shares. Despite the lower fall in the KLCI, PPB shares managed to close at RM3.94 on 28 June 2002, an increase of 10.7% over its closing price of RM3.56 on 29 March 2002.

As at 28 June 2002, market capitalization of PPB shares was RM1.933 billion. PPB's daily average volume rose to 211,726 shares for the 2nd quarter of 2002, an increase of 15% over the average volume for 1st quarter 2002.

Listed Subsidiaries

PPBOP

PPBOP achieved an average CPO selling price of RM 1,168 per metric tonne for the first half of year 2002 compared with RM835 per metric tonne last year driving PPBOP's share price to close at RM3.34 on 28 June 2002, an appreciation of 26% over its closing price of RM2.65 on 29 March 2002.

FFM

FFM share price closed higher at RM5.70 on 28 June 2002 from RM5.45 on 29 March 2002.

financial statistic

GROUP FINANCIAL HIGHLIGHTS

	6 months 30.6.2002 (RM'million)	6 months 30.6.2001 (RM'million)	Change (%)	12 months 31.12.2001 (RM'million)
Income Statements				
Revenue	3,490.573	2,387.357	46.21	5,629.093
Profit before taxation	182.614	120.359	51.72	321.566
Profit after taxation	145.433	91.242	59.39	248.262
Net profit for the year	92.494	68.103	35.81	170.302
Balance Sheets				
Fund employed	4,326.837	4,092.868	5.72	4,208.785
Shareholders' funds	2,826.717	2,691.350	5.03	2,775.528
Key Ratios				
Current Ratio	(x) 2.15	1.95	10.26	1.86
Interest Coverage	(x) 37.08	15.87	133.65	24.34
Long Term Debt Ratio	(%) 1.25	1.17	6.84	1.17
Return on Equity	(%) 3.27	2.53	29.25	6.14
Return on Net Assets	(%) 4.22	2.95	43.05	7.68
PE Ratio	(x) 20.90	23.70	(11.81)	9.56
Profit before tax over revenue	(%) 5.23	5.04	3.77	5.71
EPS	(sen) 18.85	13.88	35.81	34.71
Net dividend per share	(sen) 7.60	7.20	-	15.80
NTA per share	(RM) 5.68	5.40	5.19	5.58
Share price	(RM) 3.94	3.29	19.76	3.32

announcements 2002

16 may

Release of 1st Quarter Report for the period ended 31 March 2002.

16 may

Ms Koh Mei Lee and Mr Michael Oh Aik Teong were appointed Alternate Directors to Mr Tan Yew Jin and Dato'Abdul Jabid bin Mohd Don respectively on the Board of PPB.

17 june

The Securities Commission approved the waiver by Orange Grove Holdings Pte Ltd to undertake a mandatory general offer for the proposed purchase of 20% equity interest in Tanjong Aru Hotel Sdn Bhd from PPB to Orange Grove Holdings Pte Ltd.

press release

PPB GROUP BERHAD'S FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30.6.2002

Overview Of Results

PPB Group Berhad achieved better than expected results. For the first six months of the year, the Company reported an unaudited consolidated profit before tax of RM182.6 million compared with RM120.4 million in the corresponding period last year, a commendable increase of 52%. The significant improvement was attributable primarily to better performance by the plantation, property and entertainment divisions.

Year-on-year, revenue grew by 46% to RM3.49 billion due to the significantly higher palm oil product prices. Net profits improved by 35.8% to RM92.5 million equivalent to earnings per share of 18.85 sen. On the assumption that earnings are maintained for the second half of the year, this would translate to an undemanding price-earnings ratio of 10.5 at PPB's share price of RM3.94 as at 30.6.2002.

Commenting on the first half year results, Mr Ong le Cheong, Executive Chairman of PPB Group Berhad said "We are pleased with our continuing progress as shown in the results and hope to pursue long-term growth through expansions both locally and overseas in complementary or related businesses to further strengthen the Company's financial position."

PPB Group Berhad's balance sheet remains strong with cash and fixed deposits exceeding RM560 million whilst long-term borrowing is minimal at RM36 million. The net tangible assets per share stood at RM5.68 and on the last trading of June, PPB shares closed at 30% discount from its net tangible assets.

Dividends

For the first half of the year, the Company declared an interim dividend of 9 sen per share (5 sen less tax and 4 sen tax exempt) amounting to RM37,287,357 on the enlarged capital of 490,623,124 after the Bonus Issue in October 2001. This is equivalent to a net dividend per share of 7.88 sen compared with 5.4 sen paid for the interim dividend last year after adjusting for bonus shares.

Since the last five years, the Company's net dividends paid to shareholders have grown by about 40% per share.

Review Of Operations

The key contributor to Group profits, is still the foods division although profits were trimmed. Sugar operation faced higher raw material costs in the first half of the year but is expected to improve in the second half to maintain its full year profits. Grain and feed milling operations managed to achieve consistent profits in a competitive environment while livestock farming operation suffered from depressed table egg prices. The edible oils refining and trading operations, however, were faced with low or negative refining margins.

CORPORATE PROFILE

PPB Group Berhad is a well-diversified conglomerate engaged in a variety of activities ranging from sugar refining, flour and feed milling, edible oils processing, oil palm cultivation, film exhibition and distribution, property development, shipping to commodity trading. To date, PPB Group Berhad ranks among the top companies listed on the Kuala Lumpur Stock Exchange by turnover as well as total assets. Its total assets exceed RM5.2 billion and workforce numbers more than 15,000 employees.

Benefiting from the Group's fully integrated oil palm operations, poorer profits from the refining operations were well compensated by the oil palm plantation division, where profits increased substantially to RM57.0 million from a loss of RM4.6 million due to significantly higher palm product prices. The average selling prices per tonne for crude palm oil and palm kernel oil were RM1,168 and RM533 respectively, substantially exceeding last year's comparative prices of RM720 and RM345 respectively. In addition, extraction rates improved further to 22.01% from 21.31% in the comparative period last year.

Chemquest Group, engaged in environmental engineering, waste management and utilities recorded slightly lower profits of RM4.2 million compared with RM5.6 million as its Sungai Rasa Project was completed in March 2002. With its new projects in Bukit Badong and Bayan Baru commencing in the second half of the year, profits for the said period should improve. Its associate, Konsortium Abass, concessionaire of the Sungai Semenyih project continues to contribute significantly to profits.

Despite unfair competition from piracy, cinema operations managed to turnaround to record respectable profits of RM1.74 million due to the release of more commercially lucrative summer blockbuster films. Persistent raids by the authorities have to some extent reduced the availability of pirated VCDs and DVDs which would further benefit the industry.

Property division performed well this half-year with contributions of RM13.65 million mainly due to profits from sales of the Phase 1 Bukit Segar homes which was launched middle of last year. Total profits from Phase 1 are estimated at RM49.2 million, recognized over three years.

Prospects For The Year

For the remaining period of the financial year ending 31.12.2002, the prospects for the Group are most encouraging. The foods division anticipates a challenging second half-year in view of the recent repatriation of foreign workers which will affect domestic consumption. In the oil palm division, if the current prices of palm oil products prevail, plantation profits should exceed last year's by more than three fold.

The second half of the year will be an exciting period for Chemquest Group when the outcome of its numerous outstanding bids would be known. Profits from this group are likely to be comparable to year 2001. Property and cinema operations are also envisaged to perform satisfactorily while other divisions are expected to maintain profits.

On the whole, PPB Group Berhad expects this year's results to be notably higher than that of the previous year. Owing to its diversified business operations and investment, the Company is able to continue its healthy growth as the different divisions are able to complement and support each other to contribute to its overall performance.

(The figures have not been audited) All figures in RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To-date	Corresponding Period
	30 JUN 2002	30 JUN 2001	30 JUN 2002	30 JUN 2001
1. (a) Revenue	1,978,274	1,256,401	3,490,573	2,387,357
(b) Investment income	2,558	571	2,631	861
(c) Other income	14,203	12,206	23,551	19,227
2. (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	100,379	62,420	191,830	141,545
(b) Finance cost	(2,864)	(4,332)	(5,061)	(8,095)
(c) Depreciation and amortisation	(29,498)	(25,210)	(59,509)	(51,694)
(d) Exceptional items	106	(2,500)	7,534	(2,355)
(e) Profit/(loss) before share of associated companies' results, income tax, minority interests and extraordinary items	68,123	30,378	134,794	79,401
(f) Share of profits and losses of associated companies	25,048	23,437	47,820	40,958
(g) Profit/(loss) before income tax, minority interests and extraordinary items	93,171	53,815	182,614	120,359
(h) Income Tax	(20,267)	(11,753)	(37,181)	(29,117)
(i) (i) Profit/(loss) after income tax before deducting minority interests	72,904	42,062	145,433	91,242
(ii) Less minority interests	(26,088)	(6,615)	(52,939)	(23,139)
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the Company	46,816	35,447	92,494	68,103
(l) (i) Extraordinary items	-	-	-	-
(ii) Less minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the Company	-	-	-	-
(m) Net profit/(loss) attributable to members of the Company	46,816	35,447	92,494	68,103
3. Earnings per share based on 2 (m) above after deducting any provision for preference dividends, if any:-				
(a) Basic (based on 490,623,124 ordinary shares) (sen)	9.54	7.22	18.85	13.88
(b) Fully diluted (based on 490,623,124 ordinary shares) (sen) arising from exercise of employee share options granted by PPB Oil Palms Berhad (PPBOP) thereby diluting group's share of PPBOP's earnings.	9.53	7.22	18.81	13.88

All figures in RM'000	As At	As at
	End of	Preceding
	Current	Financial Year
	Quarter	End
	30 JUN 2002	31 Dec 2001
1. Property, plant and equipment	2,423,468	2,375,236
2. Investment property	17,313	15,153
3. Investment in associated companies	679,746	675,320
Investment in jointly controlled entities	491	671
4. Long term investments	242,212	242,384
5. Goodwill on consolidation	37,990	39,073
6. Intangible assets	-	-
7. Current Assets		
- Inventories	538,201	590,229
- Gross amount due from customers	14,278	10,455
- Trade receivables	352,224	369,025
- Cash and bank balances	60,873	39,785
- Deposits with banks and financial institutions	503,555	453,128
- Others - Other receivables	106,117	90,857
- Land held under development	40,517	44,874
- Amount due from associated companies	92,473	213,789
- Amount due from jointly controlled entities	23,304	45,808
	1,731,542	1,857,950
8. Current Liabilities		
- Trade payables	224,515	260,343
- Gross amount due to customers	13,324	29,602
- Other payables	166,540	143,192
- Hire purchase liabilities	151	163
- Short term borrowings	376,634	469,442
- Provision for taxation	8,513	32,459
- Others - Amount due to associated companies	16,248	61,801
	805,925	997,002
9. Net Current Assets	925,617	860,948
	4,326,837	4,208,785
10. Shareholders' Funds		
Share Capital	490,623	490,623
Reserves		
- Share premium account	21,128	21,140
- Revaluation reserve	136,068	142,399
- Capital reserve	121,939	122,939
- Unappropriated profit	2,028,371	1,974,690
- Others - Exchange translation reserve	28,588	23,737
	2,826,717	2,775,528
11. Minority interests	1,395,242	1,331,655
12. Long term borrowings	35,878	32,751
13. Hire purchase liabilities	-	73
Deferred income - Reserve on consolidation	11,469	11,721
14. Deferred taxation	57,531	57,057
	4,326,837	4,208,785
15. Net tangible assets per share (sen)	568	558

1. Accounting policies

The financial statements of the Group are prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the most recent annual financial statements.

2. Exceptional items

	Current Year Quarter 30 JUN 2002 RM'000	Current Year To-date 30 JUN 2002 RM'000
a) Profit on sale of an associated company	-	1,268
b) Profit on sale of a vessel	-	6,160
c) Deficit on liquidation of an associated company	(25)	(25)
d) Profit on sale of properties	131	131
	<u>106</u>	<u>7,534</u>

3. Extraordinary items

There were no extraordinary items for the financial period under review.

4. Taxation

Taxation comprises:-

	Current Year Quarter 30 JUN 2002 RM'000	Current Year To-date 30 JUN 2002 RM'000
Malaysian taxation based on profit for the period:-		
Current	13,869	28,196
Deferred	2,041	469
Share of taxation of associated companies	1,809	3,438
	<u>17,719</u>	<u>32,103</u>
Foreign taxation		
Current	(15)	14
Deferred	5	5
Share of taxation of associated companies	2,558	5,153
	<u>20,267</u>	<u>37,275</u>
Over provision in prior years	-	(94)
	<u>20,267</u>	<u>37,181</u>

The effective tax rate is lower than the statutory rate mainly because of the utilisation of reinvestment allowance, unabsorbed capital allowances and unabsorbed tax losses of certain subsidiary companies.

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

There was a gain on sale of an unquoted investment in associated company amounting to RM1.268 million and a profit on sale of properties amounting to RM 131,000.

6. Quoted securities

(a) There were no sales of quoted investments for the period under review. There were purchases of quoted investments amounting to RM57,000 for the period under review.

(b) Total investments in quoted securities as at 30 June 2002 are as follows:-

	RM'000
At cost	226,504
At book value	219,758
At market value	209,264

7. Changes in the composition of the Group

- PPB's 55% indirect subsidiary, Chemquest (Overseas) Ltd, had on 12 March 2002 acquired a 50% equity interest in the entire issued and paid-up capital of Kerry Utilities Limited (KUL) equivalent to 1 ordinary share of USD1.00 for a total cash consideration of USD1.00. KUL, a company incorporated in Samoa, will explore investment opportunities in China especially in the water treatment, waste water treatment and solid waste management activities.
- The disposal of the Company's 20% equity interest in Tanjung Aru Hotel Sdn Bhd to Orange Grove Holdings Pte Ltd for a total cash consideration of RM30.710 million was completed on 17 July 2002.
- PPB had on 28 February 2002 subscribed for 33.33% equity interest equivalent to one (1) ordinary share of RM1.00 each in Global Entertainment and Management Systems Sdn Bhd (GEMS). GEMS was established for the purpose of acquiring 25% equity interest in Tanjong Golden Village Sdn Bhd (TGV) for a total cash consideration of RM12,920,000. PPB's share of the total investment cost in TGV is RM4,307,000.
- On 1 July 2002, Golden Screen Cinemas Sdn Bhd, a 54.2% indirect subsidiary of PPB, increased its shareholdings in Cinead Sdn Bhd from 50% to 100% with the acquisition of 50% equity interest equivalent to 50,000 ordinary shares of RM1.00 each from Cathay Screen Cinemas Sdn Bhd, a 66.2% indirect subsidiary of PPB, for a total cash consideration of RM447,000/-. Cinead is principally involved in screen advertising.
- On 31 July 2002, PPB Leisure Holdings Sdn Bhd (PPBL), a wholly-owned subsidiary of PPB, acquired 50% equity interest in Golden Abacus Pte Ltd (GA) equivalent to 50,000 ordinary shares of SGD1.00 each from Abacus International Pte Ltd for a total cash consideration of SGD225,000/-. GA is the owner of the cinema ticketing system software programs used in the cinemas operated by PPBL's subsidiary and related companies.

8. Status of corporate proposals

There are no corporate proposals that have been announced but not completed at the date of this announcement.

- 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.

10. Group borrowings

Total Group borrowings as at 30 June 2002 are as follows:-

	RM'000	RM'000	RM'000
	Total	Secured	Unsecured
Long term bank loans	3,331	-	3,331
Long term bank loans (USD)	40,426	-	40,426
Long term bank loans (SGD)	3,405	3,405	-
Repayments due within the next 12 months	<u>(11,284)</u>	<u>(234)</u>	<u>(11,050)</u>
	<u>35,878</u>	<u>3,171</u>	<u>32,707</u>
Short term bank borrowings			
Bills payable	219,964	-	219,964
Short term loans	87,600	-	87,600
Short term loans (USD)	41,363	-	41,363
Short term loans (Vietnamese Dong)	4,976	-	4,976
Current portion of long term loans	11,284	234	11,050
Current portion of hire purchase liabilities	151	151	-
	<u>365,338</u>	<u>385</u>	<u>364,953</u>
Bank overdrafts	11,447	-	11,447
	<u>376,785</u>	<u>385</u>	<u>376,400</u>

11. Contingent liabilities

The Group's contingent liabilities as at the date of this announcement are as follows :-

Unsecured guarantees issued in consideration of credit facilities granted to associated companies	RM'000 <u>23,950</u>
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12. Financial instruments

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 preserve the values of trade receivables and payables against market risks. Any market gains or losses from the foreign currency contracts are offset by the corresponding movements in the amount required to settle those receivables or payables.

Foreign currency transactions are translated at rates ruling at the transaction dates, unless hedged by forward foreign currency contracts, in which case the rates in such contracts are used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling at that date or, if hedged by forward foreign exchange contracts, at the rates specified in such forward contracts. Foreign exchange differences arising on translation are recognised in the income statement.

As at 9 August 2002, the Group has hedged outstanding foreign currency contracts of USD166.452 million equivalent to RM633.559 million. These contracts are short term and the majority are due to mature in the next two months.

It is the Group's policy to enter into major foreign currency contracts with credit worthy financial institutions and therefore the Group does not foresee any significant credit and market risks.

There is no cash requirement for the above hedging instruments.

13. Material litigation

a) Approximately 2,176.5 hectares of a piece of land alienated to Suburmas Plantations Sdn Bhd (Suburmas), a 70% subsidiary company of PPBOP, was compulsorily acquired by the Sarawak State Government on 30 June 1999. Suburmas has accepted the net compensation of RM16.54 million under protest and has applied to the Department of Lands and Surveys in Bintulu, Sarawak to refer the matter to the High Court of Sabah and Sarawak. The amount claimed by Suburmas against the Sarawak State Government is RM77.30 million based on a valuation of the affected property carried out on 12 March 1999 by Messrs CH Williams, Talhar, Wong & Yeo Sdn Bhd. The High Court of Sabah and Sarawak has yet to set the date of hearing.

b) On 14 July 2000, a legal suit was filed at the High Court of Sabah and Sarawak in Sandakan (the court) against the Government of the State of Sabah challenging the alienation by the Sabah State Government to two subsidiary companies of PPBOP, Hibumas Sdn Bhd (Hibumas) and Penumilek Sdn Bhd (Penumilek) of a total of 5,700 acres (2,307 hectares) of land situated in Sugut and Bonggaya District of Sandakan (the lands). The lands form part of a total area of 25,784 acres (10,434 hectares) alienated to Hibumas and Penumilek, who were named as the Second and Third Defendants respectively. Management of Hibumas and Penumilek had on 12 September 2000 filed an application to strike out the plaintiff's suit (the Application). The hearing of the Application previously set for mention on 5 June 2002 has been vacated and the Court has not fixed a new mention date. The Directors are of the opinion that the suit is without merit.

14. Segmental reporting

All figures in RM'000 Information About Business Segments:	Sugar refining and cane plantation	Flour, feed and grain milling	Edible oils trading & refining	Oil palm plantation	Livestock farming	Packaging	Environmental engineering, waste management & utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
REVENUE												
External Sales	352,770	317,403	2,460,402	33,721	20,172	39,283	45,726	36,796	39,848	144,452		3,490,573
Inter-Segment sales	47	14,404	45,413	130,511	1,057	8,251	0	0	611	8,783	(209,077)	0
Total revenue	<u>352,817</u>	<u>331,807</u>	<u>2,505,815</u>	<u>164,232</u>	<u>21,229</u>	<u>47,534</u>	<u>45,726</u>	<u>36,796</u>	<u>40,459</u>	<u>153,235</u>	<u>(209,077)</u>	<u>3,490,573</u>
RESULT												
Segment operating profit/(loss)	15,878	35,921	(1,386)	56,240	(989)	6,710	76	1,805	11,509	1,652	355	127,771
Unallocated corporate expense												(4,407)
Operating profit												<u>123,364</u>
Investing activities												16,491 #
Finance costs												(5,061)
Share of profit/(loss) of associates	(937)	-	28,780 *	784	-	-	5,262	(6)	2,143	11,973	-	47,999
Share of profit/(loss) of jointly controlled entities	-	-	-	-	-	-	(124)	(55)	-	-	-	(179)
Profit before taxation												182,614
Income taxes												(37,181)
Profit after taxation												<u>145,433</u>
Minority interest												(52,939)
Net profit												<u>92,494</u>
OTHER INFORMATION												
Segment assets	244,395	467,976	641,979	1,289,227	114,009	177,610	97,414	112,126	246,156	281,195	(29,050)	3,643,037
Investment in associates	17,202	-	234,220	6,142	-	-	19,599	159	79,774	322,650	-	679,746
Investment in jointly controlled entities	-	-	-	-	-	-	13	478	-	-	-	491
Other investments												242,212
Deposits with banks & financial institutions												503,555
Unallocated corporate assets												63,721
Total assets												<u>5,132,762</u>
Segment liabilities	10,274	28,317	180,240	38,257	3,689	28,834	54,005	20,194	23,524	62,021	(28,817)	420,538
Bank borrowings												412,663
Tax liabilities												66,044
Unallocated corporate liabilities												11,558
Total liabilities												<u>910,803</u>

* Included share of profit from an associate engaged in commodity trading amounting to RM28.707 million.

Included profit from sale of vessel amounting to RM6.160 million.

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

The Group revenue of RM1.978 billion for the current quarter represents an increase of 31% when compared to RM1.512 billion for the preceding quarter ended 31 March 2002. This increase is attributable to higher palm oil prices experienced by the edible oils trading and refining division, and an increase in FFB production and higher palm products selling prices by the oil palm plantation operations.

The Group profit before tax for the quarter under review of RM93.171 million was 4% higher compared to RM89.443 million for the preceding quarter. The oil palm plantation division contributed higher profits in the current quarter mainly due to higher FFB production and better prices realised for its palm products. The property division contributed higher profits from its Bukit Segar Phase 1 residential development whilst the weak performance of the livestock and edible oils divisions were due to negative refining margins and depressed table egg prices respectively.

16. Review of performance of the Company and its principal subsidiaries

For the period ended 30 June 2002, the Group profit before tax of RM182.614 million was 52% higher when compared to RM120.359 million for the same period in the preceding year. The oil palm plantation division recorded significantly higher profits mainly due to better prices realised for its palm products. The property division contributed higher profits whilst the associated company engaged in water treatment also contributed higher profits compared to the corresponding period last year. The film exhibition and distribution operations continued to be profitable in this quarter.

17. Material Subsequent Events

There were no material subsequent events as at 9 August 2002, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

18. Seasonal or cyclical factors

The Group's operations are not affected by any seasonal or cyclical factors except for the oil palm plantation operations. As the natural cropping pattern declined to a trough in the first half of the year and rises to a peak in the second half, the results of the plantations and mills will be affected accordingly.

19. Prospects for the current financial year

Profit contributions from the sugar division is expected to be satisfactory. Domestic consumption of flour, poultry products and edible oils for the second half of year 2002 will be adversely affected by the recent repatriation of foreign workers. In contrast, palm oil prices have improved significantly since the beginning of the year and at current levels, profit for the oil palm plantation division will be substantially higher than that achieved in year 2001. The property division is expected to generate higher profits whilst utilities and environmental engineering operations are also expected to maintain their profit contributions. Overall, the Group profit before exceptional items for year 2002 is projected to be higher than that of the previous year.

20. Variance of actual profit from forecast profit

Not applicable

21. Dividend

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2002 of 10 sen per share less 28% income tax on the enlarged capital of 490,623,124 RM1/- ordinary shares after the 1 for 3 bonus issue in October 2001 (2001 : 10 sen less 28% income tax equivalent to 7.5 sen per share less tax based on the above enlarged capital).

Dividend payment/entitlement date

Notice is hereby given that the interim dividend will be payable on Thursday, 19 September 2002 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 5 September 2002.

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

- (i) Shares transferred into the Depositor's securities account before 12.30 pm on Thursday, 5 September 2002 in respect of ordinary transfers,
- (ii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

22. Dividends Paid / Declared

Dividends paid and declared for financial years 2000, 2001 and up to the date of this report :-

Financial Year	Type	Rate	Payment Date
2001	Interim dividend	10 sen less 28% income tax	19 September 2001
2001	Final dividend	5 sen tax exempt & 5 sen less 28% income tax	23 May 2002
2002	Interim dividend	10 sen less 28% income tax	19 September 2002

**Kuala Lumpur
15 August 2002**

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

Please direct your suggestions or comments to Ms Koh Mei Lee, Senior Manager (Corporate Affairs Department).

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