

issue **3** 30 sep 02

investor update





FFM Berhad

FLOUR MILLING OPERATIONS

With wheat sourced from countries such as Australia, the United States, Canada and Argentina, the production of wheat flour is carried out by flour millers in Malaysia. The flour milling industry is a mature one in the country, with eight major flour millers supplying approximately 55,000 mt of wheat flour a month to both the domestic market as well as for export and processing into biscuits and instant noodles.

FFM Berhad began operations in 1962 as a flour milling company with only one flour mill having a capacity of 150 mt of wheat per day. Today, the FFM Group has a total of 8 units of flour mills, strategically located in South Port, Pulau Indah, Pasir Gudang and Kuching in Malaysia, as well as Vietnam, with a total milling capacity of 2,280 mt of wheat per day. The Group leads the industry, currently supplying 47% of the country's wheat flour requirements.

feature article



Bag flour palletising system

Leading the way

To maintain its position at the forefront of the industry, supplying quality flour at competitive prices, the FFM Group has actively invested in new facilities as well as upgraded its existing plants and machinery.

Pulau Indah

In Pulau Indah, Selangor, FFM invested RM90 million in a new grain storage and milling complex located on a 13.7 hectare site adjoining the West Port Dry Bulk Terminal, and commenced operations in mid 2001. This complex consists of 12 units of steel silos and a bulk warehouse with a total storage capacity of about 80,000 mt and a wheat milling system with a daily milling capacity of 500 mt. The strategic location of this complex enables the Group to directly link its grain intake/storage system to the West Port Dry Bulk Belt Conveying System.

Plans are in place to set up another new flour mill unit next to the newly commissioned flour complex, with a capacity of 500 mt per day. Boasting ultra modern facilities, this mill will replace the existing mills which have been in operation for more than 30 years. In addition to this, an ultramodern cereal laboratory, R&D centre and a baking school will be set up. The total cost of the project, which includes additional grain storage facilities of 40,000 mt, is RM45 million. This location will capitalise on Pulau Indah's advantage of having deep water facilities, enabling FFM to utilise much larger vessels in order to reduce the freighting cost of grains and other commodities.



Grain storage bins

Sarawak

FFM Flour Mills (Sarawak) Sdn Bhd, a wholly-owned subsidiary of FFM, is presently constructing a new flour mill with a daily wheat milling capacity of 220 mt. It is scheduled for completion by the end of 2002. This new flour mill will meet the needs of the market in Sabah and Sarawak, thus reducing the high freighting cost of flour to the two states.

Vietnam

FFM has expanded its operations to Vietnam, through its 52.2% owned subsidiary, Vietnam Flour Mills Ltd. In September, 2002, the company commissioned the establishment of its new flour mill in My Xuan, Vung Tau Province, with a daily wheat milling capacity of 400 mt. This complex comprises a flour mill, silo storage facilities, warehouse, laboratory and administrative office, all located on a 3.2 hectare site with space for future expansion. The mill is equipped with state-of-the-art machinery from Buhler of Switzerland, a world leader in flour milling systems. The wheat flour in Vietnam is presently marketed under the brand names of Red Key, Blue Key and Twin Globe.

Poised for future growth

As the Group expands its operations, flour milling remains one of FFM's core businesses. As such, the Group's vision is to continue expanding its milling facilities and equipping each one with the latest machinery in order to maintain its leadership in the flour milling industry.

Flour products produced by FFM for the domestic market	
Wheat flour	Bread, Noodles, Biscuits, Cakes, All Purpose
Speciality Wheat Flour Products	Semolina, Special Wholemeal
Other Wheat Speciality Products	Wheat, Food Bran, Wheat Germ
Bread Improvers & Pre-Mixers	Cake Donut, Yeast-Raised Donut

happenings

OFFICIAL OPENING OF TSS MILL

PPBOP's first palm oil mill in the Republic of Indonesia, the Tidar Sungkai Sawit Mill, was officially opened on 25 July 2002.

Some 300 guests attended the Opening Ceremony and they include dignitaries such as the Deputy Governor of West Sumatra, the Vice Chairman of West Sumatra Legislative Assembly, the Regent of Solok, officers and members of the Provincial and District Legislative Assemblies and other local community leaders.

With the commissioning, the Group's number of mills increases to seven, with a total combined throughput of 1.5 million tonnes of FFB per annum.

The TSS Mill cost about USD7 million and was constructed by Minsec Engineering Services Sdn Bhd, another Group subsidiary. The mill caters for crop from both its plantations and surrounding estates and the present milling capacity is rated at 30 tonnes per hour (tph), expandable to 60tph to cope with the rising yield trend.



Prof. Dr. Fachri Ahmad, Deputy Governor of West Sumatra signs the guest book.



Arrival of the Deputy Governor of West Sumatra.

happenings

SAREMAS II AND SABAHMAS MILLS ACHIEVED GOOD OIL EXTRACTION RATES

PPBOP's mills, especially the newer ones, are designed for high extraction and labour efficiency through automation. This efficiency has enabled mill performance to improve further, with extraction rates moving upwards. During the first nine months of 2002, the overall oil extraction rate at 22.1% compares favorably with the budgeted level of 21.5%.

The two new mills, Saremas II and Sabahmas, led the way to higher oil extraction rates by achieving 23.5% and 23.4%, which are respectable enough for them to be among the top performing mills in East Malaysia. The other mills continued to perform to expectations.



Analyst Briefing held on 21 August 2002

PPB GROUP BERHAD'S ANALYST BRIEFING

PPB Group Berhad conducted its analyst briefing on 21 August 2002 to review the Company's half-year results ended 30 June 2002 which was attended by 38 analysts and fund managers from various local security and research firms.

As part of its Investor Relations programme, the Company conducts half-yearly briefings to provide consistent dialogue between the Company's senior management and the investment community.

Following presentations by CEOs of the main business divisions on their respective company's performance, analysts engaged in open and active discussions on the Group's business activities and future plans with management.

The Briefing was well received, strengthening the Group's rapport with analysts and enhancing the Company's profile from "investor-shy" to "investor-friendly".

happenings

Datuk Michelle Yeoh with Datin Ena Ling
and Datuk Ng Poh Tip and
Ms Linda Ngiam from The Star



THE TOUCH – CHARITY GALA PREMIERE

“The Touch” co-produced by Malaysian-born actress Dato’ Michelle Yeoh, made headlines in the cinema circuit with its Charity Gala Premiere at the Golden Screen Cinemas, Mid Valley Megamall on 30 July 2002.

The Premiere raised a sum of RM180,900 which was donated to three charitable organizations namely Badan Amal Kebajikan Isteri-isteri Menteri dan Timbalan Menteri (BAKTI), the Malaysian Diabetic Association and the Malaysian Spinal Injuries Association.

PPB Group Berhad lent its full support and reserved one hall solely for its employees. A total of 100 PPB’s staff attended the premiere accompanied by family members and friends.



CLUB MED, CHERATING

For the past 4 years, PPB Group Berhad has been organizing annual company trips to various tourist destination for its employees to foster closer communication and teamwork. This year the staff headed to the ever popular Club Med Cherating from 27 to 29 September 2002.

At the resort, the staff engaged in a variety of outdoor activities including archery, jungle trekking, water sports activities and leisure walks along the beach. The highlight of the trip was definitely the stage shows which included a particularly graphic rendition of the “YMCA” song performed by the Club Med’s personnel together with the guests. As usual, Club Med’s outings are never complete without its sumptuous international buffet to cater to each and every taste and fancy. The employees thoroughly enjoyed themselves and for some, got their yearly exercise within the three days.

This year’s trip to Club Med Cherating was so enjoyable that the enthusiastic attendees were already discussing next year’s plans on the way back to KL.



PPB staff having
a great time at Club Med

share analysis

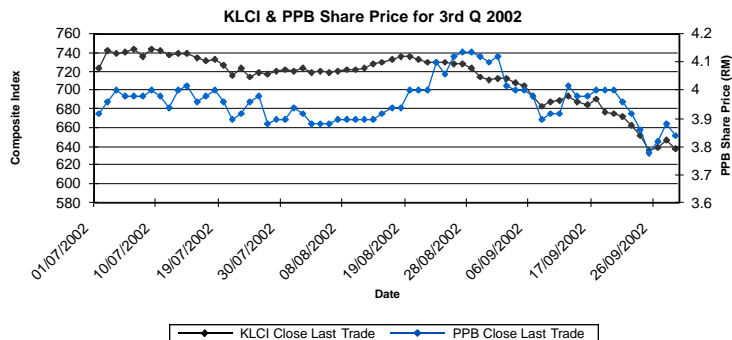
PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 3RD Q 2002

	3rd Q 2002	2nd Q 2002	% change
PPB share price			
Closing price (high)	4.14	4.02	2.99%
Closing price (low)	3.78	3.58	5.59%
Month end closing price	3.84	3.94	-2.54%
Weighted share price	3.96	3.88	2.06%
Market capitalization (RM' million)	1,883.99	1,933.06	-2.54%

PPB share volume			
Daily volume (high)	413,000	742,000	-44.34%
Daily volume (low)	2,000	17,000	-88.24%
Average daily volume shares	114,955	211,726	-45.71%

Kuala Lumpur Composite Index (KLCI) share price			
KLCI closing (high)	744.62	808.07	-7.85%
KLCI closing (low)	636.75	705.04	-9.69%
KLCI month end closing	638.01	725.44	-12.05%

Kuala Lumpur Composite Index (KLCI) share volume			
Daily volume (high)	69,265,200	167,122,112	-58.55%
Daily volume (low)	18,752,400	26,192,200	-28.40%
Average daily volume shares	33,491,791	66,425,931	-49.58%



The KLCI fell 87.43 points to close at 638.01 on 30 September 2002 as investors sold-down on major blue chips like Tenaga and Maybank. Investor sentiments remain soft due to fears of a US-led war against Iraq and worries over the US economy and lower corporate earnings.

Moving in tandem with the weak KLCI, PPB shares closed 10 sen (-2.54%) lower at RM3.84 on the last trading day of the quarter compared with RM3.94 in the preceding quarter. As at 30 September 2002, the market capitalization of PPB shares stood at RM1,883 million while PPB's daily average volume decreased by 45.71% to 114,955 shares.

Listed Subsidiaries

In line with the weak KLCI, both PPBOP and FFM share prices closed 10 sen and 33 sen lower at RM2.88 and RM4.82 respectively, compared with the preceding quarter.

financial statistics

GROUP FINANCIAL HIGHLIGHTS

	9 months 30.9.2002 (RM'million)	9 months 30.9.2001 (RM'million)	Change (%)	12 months 31.12.2001 (RM'million)
Income Statements				
Revenue	5,658.668	3,779.599	49.72	5,629.093
Profit before taxation	340.297	231.611	46.93	321.566
Profit after taxation	266.685	167.576	59.14	248.262
Net profit for the year	170.700	120.268	41.93	170.302
Balance Sheets				
Fund employed	4,451.713	4,143.064	7.45	4,208.785
Shareholders' funds	2,866.950	2,719.715	5.41	2,775.528
Key Ratios				
EPS	(sen) 34.79	24.51	41.94	34.71
Net dividend per share	(sen) 32.60	7.20	352.77	15.80
Share price	(RM) 3.84	3.20	20.00	3.32
NTA per share	(RM) 5.77	5.46	5.68	5.58
Current Ratio	(times) 2.27	1.89	20.11	1.86
Interest Coverage	(times) 42.37	22.63	87.23	24.34
PE Ratio (annualised)	(times) 8.28	9.79		9.56
Long Term Debt Ratio	(%) 2.68	1.22		1.17
Return on Equity	(%) 5.95	4.42		6.14
Return on Net Assets	(%) 7.64	5.59		7.68
Profit before tax over revenue	(%) 6.01	6.13		5.71

announcements 2002

15 august

Release of 2nd Quarter Report for the period ended 30 June 2002. An Interim Dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% tax was declared.

15 august

PPB's associated company, Global Entertainment and Management Systems Sdn Bhd, obtained approval from the Foreign Investment Committee to acquire 25% equity interest in Tanjong Golden Village Sdn Bhd (TGV). TGV is a cinema operator operating a total of 46 screens in Klang Valley and Ipoh.

22 august

PPB's 55% indirect subsidiary, Chemquest Management Services Sdn Bhd, transferred its 30% equity interest in Cipta Quantum Sdn Bhd to Minsec Engineering Services Sdn Bhd, also a 55% indirect subsidiary of PPB, for a total cash consideration of RM75,000/-. The transfer is in line with the overall strategic plans of Chemquest Group.

30 august

PPB's wholly-owned subsidiary, Savers Retail Sdn Bhd, which has ceased retail operations since year 2000 undertakes members' voluntary liquidation.

press release

PPB GROUP BERHAD'S FINANCIAL RESULTS FOR THE 9 MONTHS ENDED 30.9.2002

Overview of results

PPB Group Berhad's profit continues to strengthen into the third quarter.

For the first nine months to September 30, the Company's unaudited consolidated pre-tax profit increased by 46.9% to RM340.3 million from the previous corresponding period, surpassing the whole of last year's profit of RM321.6 million. Significantly higher profit from plantations, properties and commodity trading operations contributed to the improved performance of the group.

Year-on-year, revenue was up 49.7% to RM5.7 billion due to appreciably higher palm product prices and production. Correspondingly, net profit surged 41.9% to RM170.7 million, which amounts to earnings per share of 34.8 sen. Annualized, this would translate to a price-earnings ratio of 8.3 at PPB's share price of RM3.84 as at 30.9.2002, well below the industry average.

First nine months results	30 September 2002 RM'000	30 September 2001 RM'000	Change % increase
Turnover	5,658,668	3,779,599	49.7
Pre-tax profit	340,297	231,611	46.9
Net profit	170,700	120,268	41.9
EPS (sen)	34.8	24.5	41.9

Dividends

In view of the substantial improvement in the Company's profits, the Board of Directors declared a Special Dividend of 25 sen per share tax exempt on 8 November 2002 payable on 16 December 2002, amounting to RM122.7 million. Together with the interim dividend of 9 sen per share (4 sen tax exempt and 5 sen less tax) paid on 19 September 2002, the net dividend paid and payable to date for this financial year is 32.6 sen per share, representing a net dividend yield of 8.5%.

Compared with the corresponding period last year, the Company's net dividend per share has increased by over 350%.

	30 September 2002		30 September 2001	
	Per share Sen	Net dividend RM'000	Per share Sen	Net dividend RM'000
Interim dividend	9	37,287	10	26,494
Special dividend	25	122,656	-	-
	34	159,943	10	26,494
Net dividend per share	32.6	-	7.2	-

Balance sheet

PPB Group Berhad's balance sheet remains strong with cash and fixed deposits of RM547.8 million. With long-term borrowings of RM78.9 million, the long term debt ratio stood at an insignificant 2.7%. The net tangible assets per share improved further to RM5.77 and on the last trading day of September, PPB shares closed at 33.4% discount from its net tangible assets.

Review of operations

Sugar operations were affected by higher raw material costs although increased sales cushioned to some extent the lower refining margins. Despite a competitive environment coupled with the recent repatriation of illegal foreign workers, **grain and feed milling** operations managed to achieve higher profit due to lower operating costs. **Livestock farming** continues to be affected by depressed table egg prices. Although refining margins improved in the third quarter, the **edible oils refining and trading operations** were weighed down by the weak performance in the first half year.

Having the advantage of a fully integrated oil palm operation within the group, poorer profit from refining operations was more than compensated by contributions from the **oil palm plantation division**, as reflected in PPB Oil Palms Berhad (PPBOP)'s results. PPBOP, a 55.9% subsidiary recorded a 233% increase in profit to RM100.6 million driven mainly by higher production and palm product prices. PPBOP achieved an average selling price per tonne of RM1,239 and RM568 for crude palm oil and palm kernel oil respectively, substantially exceeding last year's comparative prices of RM782 and RM370 respectively. Moreover, extraction rates for CPO also improved to 22.1% against 21.4% last year.

Environmental engineering, waste management and utilities division reported consistent profit with steady contributions from its water concession at Sungai Semenyih. Chemquest Group's profit, however, decreased by RM2.8 million to RM10.2 million due to losses from its glove operations. The glove operations have been plagued with negative margins attributable to low selling prices amidst rising latex cost. To mitigate losses, management has taken aggressive steps to lower operating cost by reducing its workforce as well as sourcing for cheaper latex.

Pre-tax profit grew in **cinema operations** to RM3.5 million with improved collections arising from higher admissions, boosted by more releases of commercially strong titles and the reduction in entertainment tax to 25%. The cinema industry too has benefited from efforts by authorities to eradicate piracy through persistent raids and amendments to legislations.

Property division performed considerably better with contributions of RM21.5 million mainly due to profit from sales of its Bukit Segar residential homes comprising primarily bungalows and semi-detached units in Phase 1 and Phase 2. More than 60% of these units have been sold to date.

Prospects for the year

The group is confident of maintaining its good performance for the final quarter and hence will record considerably higher profit for 2002 compared with last year.

“Owing to the Group’s strategic investments and strong performance in its core business activities, which are diversified in nature, the Company is able to weather the global economic downturn to continue enjoying healthy profit growth,” commented Mr Ong le Cheong, Executive Chairman of PPB Group Berhad. “Consequently, we are pleased to reward our shareholders, a special dividend of 25 sen tax exempt per share, in addition to the interim dividend of 9 sen per share paid earlier this year”.

Grain and feed milling operations are looking forward to maintaining their profit albeit in prevailing challenging trading conditions. Profit from sugar, livestock farming and edible oil refining activities is expected to be trimmed. However, lower contributions from these activities should be well offset by plantation profit. With the anticipated increase in crop production for the last quarter and assuming current prices are sustained, the oil palm plantation division, the main contributor to the group's profit growth, should enjoy a three-fold increase in profit over that of last year.

Chemquest Group, faced with increased losses from its glove operations is likely to report a reduction in profit while both the property and cinema operations are envisaged to perform significantly better.

(The figures have not been audited)	3 months ended 30 SEPTEMBER		9 months ended 30 SEPTEMBER	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Revenue	2,168,095	1,392,242	5,658,668	3,779,599
Operating expenses	(2,046,227)	(1,303,373)	(5,430,661)	(3,620,968)
Other operating income	4,567	(576)	21,792	11,470
Profit from operations	126,435	88,293	249,799	170,101
Net profit from investing activities	(5,389)	1,733	11,102	7,421
Share of associated companies' profits less losses	39,601	23,750	87,600	64,592
Share of jointly controlled entities' profits less losses	201	88	22	204
Finance costs	(3,165)	(2,612)	(8,226)	(10,707)
Profit before taxation	157,683	111,252	340,297	231,611
Taxation	(36,431)	(34,918)	(73,612)	(64,035)
Profit after taxation	121,252	76,334	266,685	167,576
Minority interest	(43,046)	(24,169)	(95,985)	(47,308)
Profit attributable to shareholders	78,206	52,165	170,700	120,268
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	15.94	10.63	34.79	24.51
(b) Diluted (based on 490,623,124 ordinary shares) arising from exercise of employee share options granted by PPB Oil Palms Berhad (PPBOP) thereby diluting group's share of PPBOP's earnings.	15.82	10.63	34.64	24.51

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

	As at 30 SEP 2002 RM'000 (Unaudited)	As at 31 DEC 2001 RM'000 (Audited)
Property, plant and equipment	2,422,942	2,375,236
Land held for development	16,957	15,153
Investment in associated companies	668,147	675,320
Investment in jointly controlled entities	689	671
Long term investments	246,922	242,384
Goodwill on consolidation	37,446	39,073
Current Assets		
Inventories	625,810	590,229
Land under development	44,488	44,874
Receivables	671,369	729,934
Cash and cash equivalents	547,753	492,913
	<u>1,889,420</u>	<u>1,857,950</u>
Current Liabilities		
Payables	456,176	494,938
Short term borrowings	374,634	469,605
Taxation	-	32,459
	<u>830,810</u>	<u>997,002</u>
Net Current Asset	<u>1,058,610</u>	<u>860,948</u>
	<u>4,451,713</u>	<u>4,208,785</u>
Financed by :		
Share capital	490,623	490,623
Reserves	2,376,327	2,284,905
Shareholders' equity	<u>2,866,950</u>	<u>2,775,528</u>
Minority interests	1,436,994	1,331,655
Long term borrowings	78,867	32,824
Reserve on consolidation	11,244	11,721
Deferred taxation	57,658	57,057
	<u>4,451,713</u>	<u>4,208,785</u>
Net tangible assets per share (sen)	577	558

CONDENSED CONSOLIDATED BALANCE SHEETS

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

Non-distributable Reserves

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2002	490,623	21,140	142,399	23,737	122,939	289,075	1,974,690	2,775,528
Net (losses)/gains not recognised in the income statement	-	-	(7,191)	5,157	1,143	(891)	1,106	215
Profit for the period	-	-	-	-	-	-	170,700	170,700
Transfer of reserves	-	-	(2,995)	-	(1,558)	(4,553)	4,553	-
Dividends paid	-	-	-	-	-	-	(79,481)	(79,481)
Bonus issue expenses	-	(12)	-	-	-	-	-	(12)
At 30 September 2002	490,623	21,128	132,213	28,894	122,524	283,631	2,071,568	2,866,950

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

9 months ended
30 SEP 2002
RM'000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	340,297
Adjustments :-	
Non-cash items	414
Non-operating items	(5,191)
Operating profit before working capital changes	<u>335,520</u>
Working capital changes	
Net change in current assets	25,384
Net change in current liabilities	<u>(35,545)</u>
Cash generated from operations	325,359
Tax paid	<u>(99,445)</u>
Net cash generated from operating activities	225,914

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(142,640)
Proceeds from disposal of property, plant and equipment	13,767
Investment in associated companies	(3,030)
Proceeds from disposal of associated companies	59,397
Redemption of preference shares of an associated company	12,100
Purchase of other investments	(4,540)
Dividend received from investments	22,266
Interest received	9,615
Other investing activities	3,047
Net cash used in investing activities	(30,018)

CASH FLOW FROM FINANCING ACTIVITIES

Shares issued to minority shareholders of subsidiary companies	42,357
Drawdown from long term borrowings	3,489
Repayment of bank borrowings	(50,737)
Interest paid	(10,171)
Dividends paid	(125,509)
Other financing activities	(33)
Net cash used in financing activities	(140,604)

Net increase in cash and cash equivalents

Cash and cash equivalents at 1 January 2002	482,082
Effect of exchange rate changes	930
Cash and cash equivalents at 30 September 2002	<u>538,304</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

A. MASB 26 - Paragraph 16

A1. Accounting policies

The quarterly 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 audited annual financial statements.

The quarterly financial statements are prepared in accordance with MASB 26 - "Interim Financial Reporting" and the KLSE Revised Listing Requirements, and should be read in conjunction with the Group's most recent audited annual financial statements.

A2. Disclosure of audit report qualification and status of matters raised

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

A3. Seasonal or Cyclicity of Interim Operations

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

A4. Unusual items affecting assets, liabilities, equity, net income or cash flow

i) Impairment of Property, Plant & Equipment

PGEO Edible Oils Sdn Bhd, a 100% owned indirect subsidiary held through FFM Berhad and PPB Oil Palms Berhad, has recently ceased the refining operation of one of its plants due to higher cost incurred to secure the supplies of crude palm oils. An impairment loss of RM6.004 million is provided for the said plant after taking into consideration the estimated recoverable value of the plant in comparison to its carrying amount.

A8. 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
REVENUE				
External Sales	522,199	490,513	4,058,880	61,597
Inter-Segment sales	-	22,199	69,943	214,084
Total revenue	522,199	512,712	4,128,823	275,681
RESULT				
Segment operating profit/(loss)	44,023	60,177	12,366	100,820
Unallocated corporate expense				
Operating profit				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	2,660	-	53,730 *	1,683
Share of jointly controlled entities' profits less losses	-	-	-	-
Profit before taxation				

* Included share of profit from an associate engaged in commodity trading amounting to RM51.648 million.

ii) Capital Redemption on Preference Shares of An Associated Company

On 6 September 2002, the Group received from Kuok Oils & Grains Pte Ltd, Singapore (KOG), a 28% associated company, an amount of SGD5.578 million (RM12.100 million) being redemption sum on 387,333 preference shares at the issue price of SGD14.40 each. The capital redemption does not have any impact on the Group's equity interest in KOG, other than reducing the cost of investment by that amount.

A5. Nature and amount of changes in estimates

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

A6. 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.

A7. Dividends paid during the period

	9 months ended 30 September 2002 RM'000
2001 Final dividend - 5 sen tax exempt & 5 sen less 28% income tax	42,194
2002 Interim - 4 sen tax exempt & 5 sen less 28% income tax	<u>37,287</u>
	<u>79,481</u>

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
31,725	59,088	89,337	54,104	70,891	220,334	-	5,658,668
1,786	11,812	-	-	918	16,314	(337,056)	-
33,511	70,900	89,337	54,104	71,809	236,648	(337,056)	5,658,668
(1,640)	10,194	4,556	3,534	18,534	2,989	987	256,540
							(6,741)
							249,799
							11,102
							(8,226)
-	-	7,756	(5)	2,970	18,806	-	87,600
-	-	17	5	-	-	-	22
							<u>340,297</u>

A9. 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.

A10. 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.

A11. Changes in the composition of the Group

- a) 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 water treatment, waste water treatment and solid waste management activities.
- b) 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.
- c) 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) and had on 16 September 2002 further subscribed for 99,999 ordinary shares of RM1.00 each in 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.
- d) 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.
- e) 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 .
- f) On 1 October 2002, PPB Oil Palms Berhad, a 55.9% subsidiary completed the acquisition of 100% equity interest in Kalimantan Palm Industries Sdn Bhd for a cash consideration of RM2.
- g) On 6 June 2002, FFM Berhad, a 53.8% subsidiary completed the acquisition of 100% equity interest in Millcake (Malaysia) Sdn Bhd (Millcake) for a cash consideration of RM2. On 26 September 2002, Millcake changed its name to FFM Everbloom Sdn Bhd.

A12. Changes in contingent liabilities or contingent assets

The unsecured bank guarantees issued in consideration of credit facilities granted to associated companies as at 31 December 2001, were increased from RM23.80 million to RM27.95 million as at 30 September 2002.

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

B. KLSE Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance**

The Group revenue of RM5.659 billion for the nine months ended 30 September 2002 improved by 50% compared to RM3.780 billion in the corresponding period last year. The revenue increase was mainly due to higher palm oil prices and production.

The Group generated a profit before tax of RM340.297 million over the same period which was 47% higher compared to RM231.611 million for the previous corresponding period. The oil palm plantation division recorded substantially higher profits mainly due to better prices realised for its palm products. The property division contributed higher profits from the Bukit Segar Phase I and II residential development and the associated company engaged in commodity trading also contributed higher profits compared to the corresponding period last year. The film exhibition operation has turned around to register a small profit from a loss position last year.

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

The Group profit before tax for the quarter under review of RM157.683 million was 69% higher compared to RM93.171 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 the launching of its Bukit Segar Phase II residential development whilst the weak performance of the livestock division continues to be affected by depressed table egg prices. Better refining margins by edible oils trading and refining division, improved profitability of the feed and grain milling operation and higher share of associates' profits, all contributed towards the higher profitability for the current quarter.

B3. Prospects for the current financial year

Assuming that palm product prices stay at current levels and with higher crop production, profits 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 other divisions are expected to maintain their profit contributions. Based on the above, Group profit before tax for year 2002 is projected to be higher than that of the previous year.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	3 months ended 30 SEP 2002 RM'000	9 months ended 30 SEP 2002 RM'000
Malaysian taxation based on profit for the period:-		
Current	29,567	57,763
Deferred	129	598
Share of taxation of associated companies	3,295	6,733
Share of taxation of jointly controlled entities	4	4
	<u>32,995</u>	<u>65,098</u>
Foreign taxation		
Current	(13)	1
Deferred	(5)	-
Share of taxation of associated companies	3,316	8,469
	<u>36,293</u>	<u>73,568</u>
Over provision in prior years	138	44
	<u>36,431</u>	<u>73,612</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.

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

There were losses on sale of unquoted investments in associated companies amounting to RM2.742 million and a profit on sale of properties amounting to RM134,000.

B7. Quoted securities

(a) There were no sales of quoted investments for the period under review, whilst purchases of quoted investments amounted to RM129,000.

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

	RM'000
At cost	226,897
At book value	220,056
At market value	155,097

B8. Status of corporate proposals

Reefton Sdn Bhd, a 100% owned subsidiary of FFM Berhad, was placed under members' voluntary liquidation on 23 September 2002. The liquidation is in progress and the gain arising from liquidation is estimated at RM0.457 million

Savers Retail Sdn Bhd, a 100% owned subsidiary of the Company, was placed under members' voluntary liquidation on 30 August 2002. The liquidation is currently in progress and the surplus from liquidation is not material.

B9. Group borrowings

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

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	3,375	-	3,375
Long term bank loans (USD)	76,693	-	76,693
Long term bank loans (SGD)	3,448	3,292	156
Repayments due within the next 12 months	(4,649)	(357)	(4,292)
	<u>78,867</u>	<u>2,935</u>	<u>75,932</u>
Short term bank borrowings			
Bills payable	271,839	-	271,839
Short term loans	72,650	-	72,650
Short term loans (USD)	9,500	-	9,500
Short term loans (Vietnamese Dong)	6,438	-	6,438
Current portion of long term loans	4,649	357	4,292
Hire purchase liabilities	109	109	-
	<u>365,185</u>	<u>466</u>	<u>364,719</u>
Bank overdrafts	9,449	-	9,449
	<u>374,634</u>	<u>466</u>	<u>374,168</u>

B10. Off Balance Sheet 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. 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 November 2002, the Group has hedged outstanding foreign currency contracts of USD153.649 million equivalent to RM584.934 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 instrument.

B11. Material litigation

There is no change in the status of the two pending litigations since the last annual balance sheet date up to 9 November 2002, being the latest practicable date which is not earlier than seven (7) days from the date of this quarterly report. The High Court of Sabah and Sarawak has yet to set the dates for hearing/mention of the respective cases.

B12. Dividend

The Board of Directors has on 8 November 2002 declared a Special Dividend of 25 sen per share tax exempt for the financial year ending 31 December 2002.

Together with the interim dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax paid on 19 September 2002, the total dividend paid and payable to-date for the financial year ending 31 December 2002 is 34 sen per share comprising of 29 sen tax exempt and 5 sen less 28% income tax (2001 : 10 sen less 28% income tax).

Dividend payment/entitlement date

Notice has been given that the Special Dividend will be payable on Monday, 16 December 2002 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 29 November 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 Friday, 29 September 2002 in respect of ordinary transfers, and
- (ii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Dividends Paid / Declared

Dividends paid and declared for financial year 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	4 sen tax exempt & 5 sen less 28% income tax	19 September 2002
2002	Special dividend	25 sen tax exempt	16 December 2002

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's profit after taxation and minority interest of RM170.700 million (2001 : RM120.268 million) over the 490,623,124 ordinary shares of PPB in issue during the year.

The diluted earnings per share has been calculated by dividing the Group's net profit for the period, adjusted for the after tax effect on income that would result from the conversion of ordinary shares under options granted by a subsidiary company, PPB Oil Palms Berhad, pursuant to its ESOS, over the 490,623,124 ordinary shares of PPB in issue during the year.

	3 months ended 30 SEPTEMBER		9 months ended 30 SEPTEMBER	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Net profit for the period	78,206	52,165	170,700	120,268
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the period	(569)	-	(767)	-
Adjusted net profit for the period	<u>77,637</u>	<u>52,165</u>	<u>169,933</u>	<u>120,268</u>

Kuala Lumpur
15 November 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).

Registered Office: **PPB GROUP BERHAD** | 8167-W

17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

Tel: 603-2141 2077 Fax: 603-2141 8242 email: corporateaffairs@ppb.com.my website: www.ppbgroup.com