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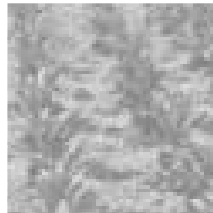
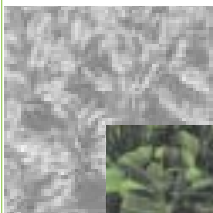
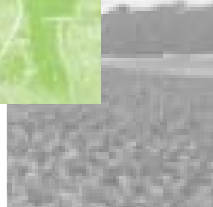
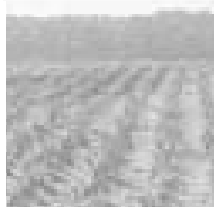
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# INVESTOR UPDATE



PPB GROUP BERHAD

# FEATURE ARTICLE



## PLANTING CLONES FOR SUPERIOR PERFORMANCE

## FEATURE ARTICLE

PPB Oil Palms Berhad (“PPBOP”), a 55.7% subsidiary of PPB Group Berhad, commenced planting of clonal oil palms produced by tissue culture in the early 1990s in its estates in East Malaysia.

Tissue culture is an *in vitro* process where palm tissues extracted from well-selected elite palms are propagated under laboratory conditions into plantlets. The process comprises several stages: (1) sampling of explants from selected elite palms, (2) callus initiation in explants, (3) embryoid formation in callus, (4) embryoid maturation and multiplication, (5) shoot regeneration, (6) rooting, and (7) transplanting of plantlets to *ex vitro* conditions.

In general, clonal plantlets derived from reliable tissue culture procedures would have the following characteristics:

- True-to-type
- Uniform growth and early maturity
- Slower rate of stem height increase
- High fresh fruit bunch (FFB) and oil yields

The first clonal planting was established in 1991 and more extensive plantings were carried out in the subsequent years to evaluate the performance of clones over a wide spectrum of soils and climatic conditions. Results of the evaluation were encouraging and in 1998, PPBOP and Agrocom Enterprise Sdn Bhd (“AESB”) formed a joint venture company, Clonal Palms Sdn Bhd (“CPSB”), for in-house production of elite planting materials.



# FEATURE ARTICLE



CPSB operates a laboratory in Kuching, Sarawak. The laboratory produces some 80,000 plantlets a year and they are carefully nurtured in dedicated nurseries for field planting. At the close of 2002, PPBOP has planted up some 2,100 hectares with clonal palms comprising mainly of AGK clones. Some 1,000 hectares are now mature and the information accumulated so far provides evidence that AGK clones are superior to commercial DxP material.

In brief, clonal palms have outperformed comparative DxP plantings by more than 30% in terms of cumulative FFB production while the oil extraction rate (OER) derived from batch processing of clonal FFB exceeded 24%. The results reaffirmed PPBOP's confidence in large scale commercial planting of clones.

A significant factor that differentiates the competitiveness of plantation companies is the management's ability to improve costs. In this regard, the superior yield advantage clonal palms have over commercial DxP seedlings will translate into lower production cost, a combination that will give PPBOP the competitive advantage.

As such, PPBOP will accelerate planting of clones in pursuance of its strategy to continuously enhance productivity, profitability and competitiveness towards superior performance.

# HAPPENINGS

## MARINA FROZEN FOOD

The newest addition to the FFM range of consumer products – the Marina Frozen Foods comprising tempura coated chicken nuggets and New Zealand Hoki fish fingers, was launched on 28 February 2003.



These products make up the initial Marina range of frozen foods and are wholesome, nutritious, good tasting and halal. In view of their high quality, it is not surprising that consumer response has been very encouraging.

Sold initially at leading supermarkets within the Klang Valley, the Marina chicken nuggets (standard and with vegetables) are sold in 1 kg bags and fish fingers in pack sizes of 260 gm (10 pcs) and 390 gm (15 pcs); at reasonable prices.

New products are being evaluated by FFM Marketing Sdn Bhd (FMSB), a wholly-owned subsidiary of FFM Berhad, to widen the product range and be available for distribution within the year.

The launch marks a new business venture for the FFM Group and the beginning of a nationwide distribution for their frozen foods.

# HAPPENINGS

## SENIOR CITIZEN RATES AWARENESS CAMPAIGN

Golden Screen Cinemas Sdn Bhd (GSC) hosted a special screening of the movie "Hero" directed by internationally acclaimed director, Zhang Yimou, to kick off the Senior Citizen Rates Awareness Campaign.

300 senior citizens were invited to the morning screening with breakfast being served at GSC, Mid Valley. Amongst the guests were members of the Happy Senior Citizens Association, Evergreen Senior Citizen Society, Senior Association, Selangor & Kuala Lumpur and Nanyang University Alumni Association of Malaya. They were also given special International screen vouchers and treated with GSC's popular popcorn combos.

GSC has been offering up to 40% discount from the regular ticket price as an incentive for senior citizens to enjoy movies at all its locations. This special discount is only applicable for weekday shows before 6.00 pm excluding public holidays, the Gold Class and International screens. The campaign was initiated as many senior citizens were unaware of this privilege. The special rates were introduced to encourage senior citizens to enjoy movies at leisure during the day, away from all the rush commonly found in the evenings and on weekends.



# PRESS BRIEFING



PPB Group Berhad held its annual Press Briefing on 5 March 2003 to present the Group's final results for the financial year ended 31 December 2002.

## ANNOUNCEMENTS 2003

14 february

Acquisition of 100% equity interest in Conwaste Disposal Services (P. Pinang) Sdn Bhd (CDS) by AWS Sales and Services Sdn Bhd, a 80% indirect subsidiary of PPB Group, for a total cash consideration of RM360,000. CDS is principally involved in the provision of refuse disposal services.

28 february

Release of 4th Quarter Results for the year ended 31 December 2002.



# SHARE ANALYSIS

## PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 1ST Q 2003

1st Q 2003    4th Q 2002    % change

### PPB share price

Closing price (high)	4.08	4.30	-5.12%
Closing price (low)	3.88	3.80	2.11%
Month end closing price	4.08	3.94	3.55%
Weighted share price	3.96	4.03	-1.95%
Market capitalization (RM' million)	2,001.74	1,933.06	3.55%

### PPB share volume

Daily volume (high)	376,000	514,000	-26.85%
Daily volume (low)	2,000	2,000	0.00%
Average daily volume shares	101,776	100,097	1.68%

### Kuala Lumpur Composite Index (KLCI) share price

KLCI closing (high)	675.87	662.78	1.98%
KLCI closing (low)	619.22	616.46	0.45%
KLCI month end closing	635.72	646.32	-1.64%

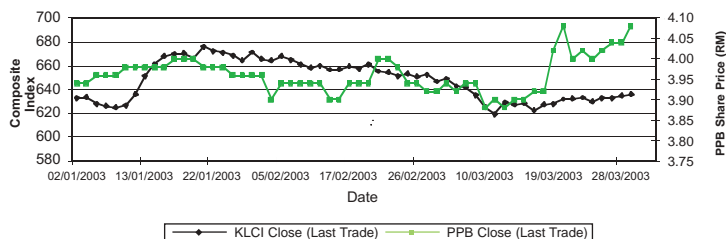
### Kuala Lumpur Composite Index (KLCI) share volume

Daily volume (high)	121,427,400	75,413,000	61.02%
Daily volume (low)	14,224,200	16,168,400	-12.02%
Average daily volume shares	46,543,786	33,903,771	37.28%

The KLSE started the year on an optimistic note with the KLCI rallying 50 points to a high of 675.87 points in early January aided by the Government's announcement that ValueCap Sdn Bhd, a RM10bil asset management company will begin investing in the KLSE. However, the market gain could not be sustained amidst fears of a prolonged war exacerbated by the severe acute respiratory syndrome (SARS) epidemic in the region. KLSE Composite Index declined by 1.64% to close at 635.72 points on 31 March 2003 compared to 646.32 in the preceding quarter.

PPB's share price ended the quarter on a favourable note as it closed 14 sen higher at RM4.08 on 31 March 2003. It's market capitalization stood at RM2 billion while its daily average turnover for the quarter was maintained at about 100,000 shares.

KLCI & PPB Share Price for 1st Q 2003



# FINANCIAL STATISTICS

## GROUP FINANCIAL HIGHLIGHTS

(The figures have not been audited)	3 months		Change (%)	12 months 31.12.2001 (RM'million)
	31.3.2003 (RM'million)	31.3.2002 (RM'million)		
<b>Income Statements</b>				
Revenue	2,121.768	1,512.299	40.3%	7,857.980
Profit from operations	135.086	58.761	129.9%	385.976
Profit before taxation	158.431	89.443	77.1%	508.883
Earnings for the year	82.981	45.678	81.7%	250.703
<b>Balance Sheet</b>				
Non-current assets	3,435.900	3,359.197	2.3%	3,426.566
Current assets	1,894.171	1,748.376	8.3%	1,968.442
■ Cash and deposits	631.352	502.088	25.7%	478.532
Non-current and deferred liabilities	348.938	296.863	17.5%	348.603
Current liabilities	761.063	813.041	-6.4%	929.963
■ Borrowings				
-> Long term	77.040	34.527	123.1%	78.148
-> Short term	312.412	410.840	-24.0%	383.244
Share capital	490.623	490.623	0.0%	490.623
Shareholders' fund	2,805.333	2,720.443	3.1%	2,724.442
Fund employed	4,569.008	4,294.532	6.4%	4,465.045
<b>Financial Ratios</b>				
Return on net assets (%)	3.47	2.08		11.45
Return on equity (%)	2.96	1.68		9.20
EPS (sen)	16.91	9.31	81.6%	51.10
Profit before tax over revenue (%)	7.47	5.91		6.48
Interest coverage (times)	56.24	41.71	34.8%	37.69
Current ratio (times)	2.49	2.15	15.8%	2.12
Debt ratio (%)	2.67	1.25		2.79
NTA per share (RM)	5.64	5.47	3.1%	5.48
Net dividend per share (sen)	0.00	0.00	0.09%	43.00
<b>Stock Market Information</b>				
Share price (RM)	4.08	3.56	14.6%	3.94
Market capitalisation (RM'million)	2,001.74	1,746.62	14.6%	1,933.05
PE ratio (annualised) (times)	6.03	9.56	-36.9%	7.71

\* The comparative figures have been restated to include effects on the recognition of deferred tax in compliance with MASB 25 - Income Taxes

# PRESS RELEASE

PPB GROUP BERHAD'S FINANCIAL RESULTS FOR THE QUARTER ENDED 31.03.2003

## OVERVIEW OF FIRST QUARTER RESULTS 2003

For the first three months of the year, the Group reported an unaudited consolidated pre-tax profit of RM158.4 million, an increase of 77.2% from the previous corresponding period of RM89.4 million. Higher profit from the Group's sugar refining, oil palm plantation, edible oils refining and grain and feed milling operations contributed to the improved performance.

Revenue rose by 40% to RM2.122 billion primarily due to the higher prices of palm oil and its related products. Profit attributable to shareholders increased to RM83.0 million, up 81.6% from RM45.7 million, equivalent to an earnings per share of 16.91 sen.

Annualised, this would translate to a price-earnings ratio of 6.03 at PPB's share price of RM4.08 on 31 March 2003.

Mr Ong Ie Cheong, Executive Chairman of PPB Group Berhad commented that

**“The strong results in the 1st Quarter provide PPB Group with a significant head start to achieving another successful year. We will continue to pursue investment opportunities locally and overseas, including acquisitions which will complement or increase our involvement in the core businesses of our Group.”**

# PRESS RELEASE

## Balance Sheet

The Group's balance sheet continues to strengthen with shareholders' funds growing to RM2.805 billion from RM2.724 billion. The net tangible assets per share appreciated to RM5.64 from RM5.48 and on the last trading day of March, PPB shares closed at a discount of 27.7% from its net tangible assets.

The cash position of the Group remains healthy with cash and fixed deposits standing at RM631.4 million compared with RM478.5 million. With total borrowings of RM389.4 million, the Group enjoys a net cash position of RM242 million.

## Review of Results

The Group profit is still driven by its food activities.

Trading conditions in the first quarter under review were favourable leading to a better performance from the sugar and grain and feed milling operations. Livestock farming continued to make losses resulting from an oversupply in the market and stiff competition.

The significantly higher palm product prices enabled PPB Oil Palms Berhad to double its pre-tax profit to RM48.07 million from RM23.24 million in the corresponding quarter last year. The average realised prices for CPO and palm kernel increased to RM1,569 and RM736 per tonne respectively, up from RM1,084 and RM488 per tonne respectively, in the first quarter of last year. Echoing the good results of the oil palm plantation operations, the edible oils refining activity, too, performed well.

Chemquest Sdn Bhd's environmental engineering, waste management and utilities continued to make consistent profit. However, its chemical and gloves manufacturing division did not fare as well in the face of rising raw material cost with no corresponding increase in sale prices. Cinema profit was enhanced by a strong line-up of films and higher average ticket prices. Property division contributed RM3.3 million to group profit and PPB Hartabina Sdn Bhd, which recently completed its Phase 1 Bukit Segar residential development is ready to deliver the properties to home owners in April 2003.

## Prospects for year 2003

The Group's main operating divisions are expected to perform satisfactorily and Group profit is likely to match that of 2002.

# CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 MARCH		3 months ended 31 MARCH	
(The figures have not been audited)	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	2,121,768	1,512,299	2,121,768	1,512,299
Operating expenses	(1,996,903)	(1,460,280)	(1,996,903)	(1,460,280)
Other operating income	10,221	6,742	10,221	6,742
Profit from operations	135,086	58,761	135,086	58,761
Net profit from investing activities	3,315	10,107	3,315	10,107
Share of associated companies' profits less losses	22,898	22,805	22,898	22,805
Share of jointly controlled entities' profits less losses	-	(33)	-	(33)
Finance costs	(2,868)	(2,197)	(2,868)	(2,197)
Profit before taxation	158,431	89,443	158,431	89,443
Taxation	(42,370)	(16,914)	(42,370)	(16,914)
Profit after taxation	116,061	72,529	116,061	72,529
Minority interest	(33,080)	(26,851)	(33,080)	(26,851)
Profit attributable to shareholders	82,981	45,678	82,981	45,678
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	16.91	9.31	16.91	9.31
(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.	16.90	9.28	16.90	9.28

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

## CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 MAR 2003 RM'000 (Unaudited)	As at 31 MAR 2002 RM'000 (Audited) (Restated *)
Property, plant and equipment	2,449,351	2,449,785
Land held for development	15,099	14,817
Investment in associated companies	697,060	686,986 *
Investment in jointly controlled entities	315	314
Long term investments	236,591	236,655
Goodwill on consolidation	36,568	37,093
Deferred tax assets	916	916 *
<b>Current Assets</b>		
Inventories	610,479	729,666
Land under development	50,581	44,890
Receivables	601,759	715,354
Cash and cash equivalents	631,352	478,532
	<u>1,894,171</u>	<u>1,968,442</u>
<b>Current Liabilities</b>		
Payables	421,857	535,520
Short term borrowings	312,412	383,244
Taxation	26,794	11,199 *
	<u>761,063</u>	<u>929,963</u>
<b>Net Current Assets</b>	<u>1,133,108</u>	<u>1,038,479</u>
	<u>4,569,008</u>	<u>4,465,045</u>
<b>Financed by :</b>		
Share Capital	490,623	490,623
Reserves	2,314,710	2,233,819 *
Shareholders' equity	2,805,333	2,724,442
Minority interest	1,414,737	1,392,000 *
Long term borrowings	77,040	78,148
Reserve on consolidation	11,837	11,187
Deferred tax liabilities	260,061	259,268 *
	<u>4,569,008</u>	<u>4,465,045</u>
<b>Net tangible assets per share (sen)</b>	<b>564</b>	<b>548 *</b>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

\* These figures have been restated to include effects on the recognition of deferred tax in compliance with MASB 25 - Income Taxes

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2003								
- As previously reported	490,623	21,128	133,300	31,997	140,391	305,688	2,009,414	2,826,853
- Prior year adjustment (refer to Note A1)	0	0	(43,072)	0	(247)	(43,319)	(59,092)	(102,411)
- As restated	490,623	21,128	90,228	31,997	140,144	262,369	1,950,322	2,724,442
Net (losses)/gains not recognised in the income statement	0	0	(123)	(1,924)	210	(1,837)	(253)	(2,090)
Net Profit for the year	0	0	0	0	0	0	82,981	82,981
Transfer of reserves	0	0	(468)	0	(667)	(1,135)	1,135	0
At 31 March 2003	490,623	21,128	89,637	30,073	139,687	259,397	2,034,185	2,805,333

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31 MARCH 2003 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	158,431
Adjustments :-	
Non-cash items	12,481
Non-operating items	(447)
Operating profit before working capital changes	170,465
Working capital changes	
Net change in current assets	210,963
Net change in current liabilities	(112,445)
Cash generated from operations	268,983
Tax paid	(14,866)
<b>Net cash generated from operating activities</b>	<b>254,117</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(27,635)
Proceeds from disposal of property, plant and equipment	3,858
Investment in subsidiary companies	(9,254)
Investment in associated companies	(2,500)
Dividend received from investments	7,566
Interest received	2,974
Other investing activities	3,577
<b>Net cash used in investing activities</b>	<b>(21,414)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Shares issued to minority shareholders of subsidiary companies	2,141
Repayment of bank borrowings	(67,890)
Interest paid	(2,907)
Dividends paid	(7,651)
Other financing activities	390
<b>Net cash used in financing activities</b>	<b>(75,917)</b>
<b>Net increase in cash and cash equivalents</b>	<b>156,786</b>
Cash and cash equivalents at 1 January	466,410
Effect of exchange rate changes	84
<b>Cash and cash equivalents at 31 March</b>	<b>623,280</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)



**A. MASB 26 - Paragraph 16****A1. Accounting policies**

The interim financial reports of the Group are unaudited and have been prepared in accordance with the requirements of MASB 26 - Interim Financial Reporting and Chapter 9 Part K of the new listing requirements of Kuala Lumpur Stock Exchange. Quarterly comparative figures are not available for the Condensed Consolidated Statement of Changes in Equity and Cash Flow Statement in the first year of adoption of MASB 26.

The interim financial reports 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, except for the adoption of MASB 25 - Income Taxes. In compliance with MASB 25, the recognition of deferred tax assets and liabilities has been applied retrospectively resulting in prior year adjustments and restatement of the comparative figures for 31 December 2002.

The effects of the implementation of MASB 25 for the financial year ended 31 December 2002 are summarised as follows :-

	As at 31 December 2002		
	As previous reported	Effect	As restated
	RM'000	RM'000	RM'000
Revaluation reserve	133,300	(43,072)	90,228
Retained profits	2,009,414	(59,092)	1,950,322
Capital reserve	140,391	(247)	140,144
Investment in associated companies	687,233	(247)	686,986
Deferred tax asset	-	916	916
Minority interest	1,480,654	(88,654)	1,392,000
Deferred tax liability	63,903	195,365	259,268
Provision for taxation	14,830	(3,631)	11,199
	RM	RM	RM
Net tangible assets per share	5.69	(0.21)	5.48

**A8. Segmental reporting**

All figures in RM'000	Sugar refining and cane plantation	Grain and feed milling	Edible oils refining & trading	Oil palm plantations
<b>Information about Business Segments:</b>				
<b>REVENUE</b>				
External Sales	197,375	172,754	1,553,659	29,760
Inter - Segment sales	38	8,369	27,220	70,264
Total revenue	197,413	181,123	1,580,879	100,024
<b>RESULT</b>				
Segment operating profit/(loss)	50,987	23,749	14,617	41,332
Unallocated corporate expense				
Operating profit				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	(2,815)	-	9,943	428
Profit before taxation				

**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**

There were no items of 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.

**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 financial period ended 31 March 2003**

There were no dividends paid during the financial period ended 31 March 2003.

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
9,324	22,335	20,186	19,350	11,717	85,308	-	2,121,768
1,224	4,296	-	-	305	2,832	(114,548)	-
10,548	26,631	20,186	19,350	12,022	88,140	(114,548)	2,121,768
(1,834)	2,663	(488)	1,625	3,338	1,108	104	137,201
							(2,115)
							135,086
							3,315
							(2,868)
-	-	3,655	70	868	10,749	-	22,898
							158,431

**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, except for the following :-

- a) On 11 April 2003, PPB Oil Palms Berhad ("PPBOP"), a 55.8% subsidiary of PPB entered into a conditional sale of shares agreement ("SSA") for the purchase of the entire issued and paid-up share capital in Jasa Karya Sdn Bhd ("JKSB") for a cash consideration of RM8.369 million. JKSB's wholly-owned subsidiary company, Sekar Imej Sdn Bhd ("SISB") is the registered owner of several parcels of land with a total area of about 3,642 hectares in the District of Berluran, Sabah. Pursuant to the SSA, PPBOP will settle on behalf of SISB an amount of RM10.799 million owing by SISB to its previous holding company, Imej Warisan Sdn Bhd.
- b) Further to the joint venture agreement dated 19 December 2002 between Suburmas Plantations Sdn Bhd ("Suburmas"), a 70%-owned subsidiary company of PPBOP and several Sarawakian parties to construct, own and operate a 40-tonne per hour crude palm oil ("CPO") mill, Suburmas had on 23 April 2003 acquired the entire equity interest comprising two (2) ordinary shares of RM1.00 each in Suburmas Palm Oil Mill Sdn Bhd ("SPOM") (formerly known as E-mage Sdn Bhd). SPOM had on 25 April 2003 entered into an agreement with Minsec Engineering Services Sdn Bhd, an indirect wholly-owned subsidiary of PPB for the design, supply, construction, installation and commissioning of a CPO mill at a contract sum of RM16.644 million.

**A11. 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, except for the following :-

- a) On 14 February 2003, PPB's indirect subsidiary company AWS Sales & Services Sdn Bhd acquired 100% equity interest equivalent to 1,000,000 ordinary shares of RM1.00 each in Conwaste Disposal Services (P. Pinang) Sdn Bhd ("CDS") for a total cash consideration of RM360,000. CDS is principally involved in the provision of refuse of disposal services.
- b) On 27 February 2003, PPBOP's wholly-owned subsidiary company Kalimantan Palm Industries Sdn Bhd ("KPI") had completed the acquisition of 90% equity interest in PT Kerry Sawit Indonesia ("KSI") for a cash consideration of USD2.0 million.

**A12. Changes in contingent liabilities or contingent assets**

There were no changes in the unsecured bank guarantees issued in consideration of credit facilities granted to associated companies as at 31 March 2003.

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**

Group revenue of RM2.122 billion for the current quarter was 40% higher compared to RM1.512 billion for the corresponding period last year mainly due to higher selling prices for palm oil and its related products.

Group profit before tax was RM158.431 million which is an increase of 77% compared to RM89.443 million in the same period last year. The oil palm plantation and edible oils refining division contributed substantially higher profits mainly due to favourable prices for its palm products. The grain and feed milling and sugar refining divisions also performed better compared to the same period last year. The Group's other main business operations achieved satisfactory results.

**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 RM158.431 million was 6% lower compared to RM168.586 million for the preceding quarter. Despite the higher realised prices for CPO and palm kernel, the plantation profit contribution declined in line with the seasonal cropping pattern. The feed and grain milling operations and the edible oils refining division recorded marginally lower profits whilst contributions from associated companies were also lower.

**B3. Prospects for the current financial year**

All main operating divisions are expected to perform satisfactorily and it is expected that results for 2003 will be comparable to that of 2002.

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

Not applicable.

**B5. Taxation**

	Individual Quarter 3 months ended 31 MARCH 2003 RM'000	Cumulative Quarter 3 months ended 31 MARCH 2003 RM'000
Taxation comprises:-		
Malaysian taxation based on profit for the period:-		
Current	38,385	38,385
Deferred	(811)	(811)
Share of taxation of associated companies	2,481	2,481
	40,055	40,055
Foreign taxation		
Current	-	-
Deferred	542	542
Share of taxation of associated companies	1,773	1,773
	42,370	42,370

The effective tax rate is lower than the statutory rate mainly because of the utilisation of tax incentives and lower tax rates in foreign jurisdiction

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

There was no sale of unquoted investments and properties for the current period under review.

**B7. Quoted securities**

(a) There were no purchases and sales of quoted investments for the period under review.

(b) Total investments in quoted securities as at 31 March 2003 are as follows:-

	RM'000
At cost	226,903
At book value	214,138
At market value	163,130

**B8. Status of corporate proposals**

(a) 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.

- (b) Reefton Sdn Bhd, a 100% owned subsidiary of FFM Berhad which in turn is a 54% subsidiary of PPB, 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.
- (c) PPB's 70% indirect subsidiary, Suburmas, entered into a joint venture agreement ("JVA") dated 19 December 2002 with several Sarawakian parties to construct, own and operate a 40-tonne per hour crude palm oil mill in Sarawak. Subject to the relevant approvals, Suburmas proposes to subscribe for 53% equity interest in the joint venture company known as SPOM. Pending fulfillment of the conditions in the JVA, Suburmas had on 23 April 2003 acquired the entire equity interest in SPOM comprising two (2) ordinary shares of RM1.00 each.
- (d) PPB's indirect wholly-owned subsidiary, KPI had on 27 February completed the acquisition of 5,850 shares of USD1,000/- each equivalent to 90% equity interest in KSI for a cash consideration of USD2.0 million. KSI owns two pieces of contiguous land in Central Kalimantan, Indonesia with a total area of about 32,000 hectares, which are proposed to be developed into an oil palm plantation.

#### B9. Group borrowings

Total Group borrowings as at 31 March 2003 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	2,419	-	2,419
Long term bank loans (USD)	79,596	-	79,596
Long term bank loans (SGD)	3,192	3,192	-
Hire purchase liabilities	178	178	-
Repayments due within the next 12 months	(8,345)	(404)	(7,941)
	<u>77,040</u>	<u>2,966</u>	<u>74,074</u>
Short term bank borrowings			
Bills payable	249,958	-	249,958
Short term loans	17,450	-	17,450
Short term loans (USD)	18,999	-	18,999
Short term loans (Vietnamese Dong)	9,588	-	9,588
Current portion of long term loans	8,229	288	7,941
Hire purchase liabilities	116	116	-
	<u>304,340</u>	<u>404</u>	<u>303,936</u>
Bank overdrafts	8,072	-	8,072
	<u>312,412</u>	<u>404</u>	<u>312,008</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

As at 23 May 2003, the Group has hedged outstanding foreign currency contracts of USD207.842 million equivalent to RM792.584 million. These contracts are short term and majority are due to mature within the next seven months.

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

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

Commodities Futures Contracts

The Group enters into commodity future contracts to hedge its exposure to price volatility in palm oil commodities. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

As at 23 May 2003, the Group's outstanding commodities futures sales and purchases contracts amounted to RM53.431 million and RM35.392 million respectively. All these outstanding sales and purchases contracts are due to mature within the next one to three months and two to six months respectively.

There is minimal credit risk because these contracts are entered into through the Malaysia Derivatives Exchange.

Besides a small fee, the Group is required to place margin deposit for these outstanding contracts.

**B11. Material litigation**

There are no changes in the status of the two pending litigations since the last annual balance sheet date up to 23 May 2003, 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 Final Dividend for the financial year ended 31 December 2002 has been approved by the shareholders at the 34th Annual General Meeting held on Friday, 9 May 2003.

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

**Dividends Paid / Declared**

Dividends paid and declared for financial year 2002 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
2002	Final dividend	5 sen tax exempt & 7.5 sen less 28% income tax	29 May 2003

**B13. Earnings per Share**

The basic earnings per share has been calculated by dividing the Group's profit after taxation and minority interest of RM82.981 million (2002 : RM45.678 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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31 MARCH		31 MARCH	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	82,981	45,678	82,981	45,678
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the year	(49)	(124)	(49)	(124)
Adjusted net profit for the year	<u>82,932</u>	<u>45,554</u>	<u>82,932</u>	<u>45,554</u>

**Kuala Lumpur**  
**29 May 2003**

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