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INVESTOR UPDATE

FEATURE ARTICLE

PALM KERNEL OIL FRACTIONATION

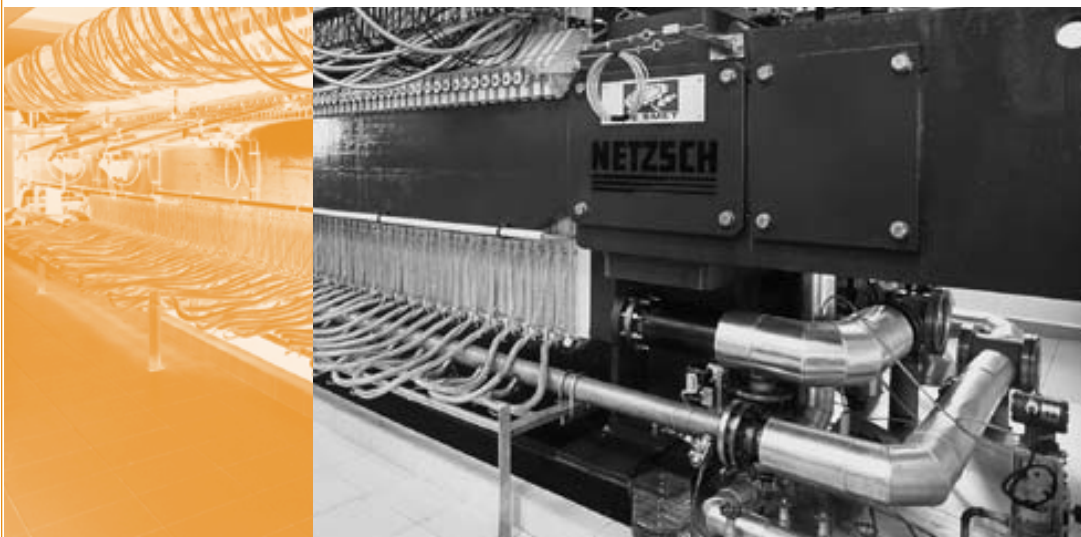


PGEO Group Sdn Bhd

PGEO Group Sdn Bhd (PGEO) was incorporated in December 2000 as a wholly-owned subsidiary of PPB Group to consolidate and rationalize the edible oil refining operations of FFM Berhad and PPB Oil Palms Berhad under a common holding company for greater efficiency.

FEATURE ARTICLE

PGEO has established itself as a major edible oil and fat refiner and exporter in Malaysia operating a total of 6 refineries located in Prai, Lumut, Pasir Gudang, Bintulu, Sandakan and Lahad Datu. The Group's production is mainly exported to India, China, the Middle East, Pakistan, EU countries, USA and Russia while local sales are distributed under various brands such as "Seri Murni", "Neptune" and "Blue Team".



Palm Kernel Oil Fractionation Plant

In its push to be at the forefront of the edible oils industry, PGEO has significantly broadened its product range by integrating product knowledge of raw materials with refining and processing technology to meet the demand of downstream industries.

The latest addition to PGEO Edible Oils facilities is the 50 mt/day Palm Kernel Oil Fractionation Plant located in the Packaging Division at Pasir Gudang, Johor. The plant commenced operation in July and its current throughput is 1,500 mt per month.

FEATURE ARTICLE

The Products

At present, the fractionation plant's main activity is in the production of Palm Kernel Stearin (RDBPSTR) and Palm Kernel Olein (RBDPKOL). Some of these products would be further processed to confectionary fats, which include cocoa butter substitutes (CBS), creaming fats and coatings.

Some of the brands produced by the manufacturing facility are:-



- BESSCHOC, a premium quality of CBS product made from Palm Kernel Stearin. Produced either in soft or hard type, BESSCHOC has good heat resistance as well as anti-fat bloom stability and is a 100% replacement to cocoa butter. It is especially suited for molded chocolates like bar chocolates and plain chocolates.
- BESSCOTE, another CBS product manufactured from Palm Kernel Olein. It is non-tempered fat, bland in flavour and has no objectionable odour. BESSCOTE is ideal for coatings and cream filling applications in a wide variety of foods such as biscuits and ice creams.

Both products are normally packed in either 20kg or 25kg polyethylene bag for sale locally and for export to Singapore, Australia, New Zealand, Russia, Eastern Europe and the Middle Eastern markets.

Looking Ahead

PGEO is currently developing the production of Cocoa Butter Extender (CBX) from double fractionation of Hydrogenated Palm Olein (HPOL) and Cocoa Butter Equivalent (CBE), processed from Palm Mid Fraction.

PGEO continues to explore new product lines to complement its existing product mix and to secure niche product markets.

HAPPENINGS

PPB's Board of Directors and Committees

Board of Directors

1. Ong Ie Cheong
(Executive Chairman)
2. Datuk Oh Siew Nam
(Deputy Chairman)
3. Dato' Lim Chee Wah
(Executive Director)
4. Dato Sri Liang Kim Bang
5. YM Raja Dato' Seri Abdul Aziz bin Raja Salim
6. Ang Guan Seng
7. Tan Yew Jin
8. Michael Oh Aik Teong
(Alternate Director to Ang Guan Seng)
9. Koh Mei Lee
(Alternate Director to Tan Yew Jin)

Audit Committee

1. Dato Sri Liang Kim Bang
(Chairman)
2. Ang Guan Seng
3. YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Nomination Committee

1. Ang Guan Seng
(Chairman)
2. Dato Sri Liang Kim Bang
3. YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Remuneration Committee

1. Dato Sri Liang Kim Bang
(Chairman)
2. Ong Ie Cheong
3. Ang Guan Seng

PPB WELCOMES YOU, YM Raja Aziz

On 12 May 2003, YM Raja Dato' Seri Abdul Aziz bin Raja Salim was appointed to PPB's board as an Independent Non-Executive Director. YM Raja Aziz also sits on the Audit and Nomination Committees of PPB.

YM Raja Aziz was a former Director-General of Inland Revenue and a former Accountant-General of Malaysia. He is a Fellow Member of the Chartered Association of Certified Accountants and the Chartered Institute of Management Accountants of the United Kingdom, and a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation.

He also serves on the board of Amanah Saham Mara Berhad as well as several listed companies, namely, PPB Oil Palms Berhad, Jerneh Asia Berhad, K&N Kenanga Holdings Berhad, Camerlin Group Berhad, Tasek Corporation Berhad, Gamuda Berhad, Matsushita Electric Company (Malaysia) Berhad and Southern Steel Berhad.

HAPPENINGS

CWM's ISO 9001 : 2000 certification

Chemical Waste Management Sdn Bhd (CWM) and its 55% owned subsidiary, Cipta Wawasan Maju Engineering Sdn Bhd (CWME) have been assessed and certified as meeting the requirements of ISO 9001 : 2000 certification for Quality Management System by BM-Trada Certification Ltd., an ISO certification body accredited by UKAS (the United Kingdom authority for certification bodies), on 24 April 2003. The certification reflects the commitment and ability of CWM and CWME in achieving excellence and total quality management.



The scope registration for the ISO certification is "Project Management for Construction, Testing & Commissioning of Water & Wastewater Related Projects". With this certification, CWM and CWME will be recognized as having internationally accepted standards for quality system in the area of water and wastewater related project management. This will enable the companies to gain greater market access in the highly competitive local and international markets as quality service providers.

ANALYST BRIEFING

PPB's Analyst Briefing was held at Wisma Jerneh, Kuala Lumpur on 22 April 2003 and attended by forty representatives from various local research houses and securities firms.

The Briefing kicked off with slide presentations on the Group's financial performance ended 31 December 2002 and an overview of the main activities by CEOs of the respective subsidiary groups.

The Q & A session provided an interactive discussion between the analysts and the CEOs covering the Group's growth opportunities and future direction.



34TH ANNUAL GENERAL MEETING

On 9 May 2003, PPB held its 34th Annual General Meeting (AGM) at Wisma Jerneh, Kuala Lumpur with 356 shareholders and proxies in attendance.

During the AGM, shareholders were encouraged to raise questions pertaining to the Group's financial results and latest developments.

PPB shareholders unanimously approved the audited financial statements for the year ended 31 December 2002 and other AGM matters.





ADDITIONAL INVESTMENT IN REDTONE INTERNATIONAL PTE LTD

PPB's 55% subsidiary, ChemQuest Sdn Bhd ['CQ'] had in April 2003 acquired an additional 479,310 shares of Redtone International Pte Ltd ['Redtone'] for a cash consideration of RM3.0 million therefore increasing CQ's shareholdings in Redtone from 10% to 15.64%.

Redtone Group of Companies is in the process of being restructured for the purpose of listing Redtone International Berhad ['RIB'] on the MESDAQ Market of the Kuala Lumpur Stock Exchange. The initial public offering is expected to take place in the last quarter of 2003.

REDtone™ Technology, a founding member of the Malaysian's Multimedia Super Corridor, is one of Asia's leading innovative computer telephony solutions companies. The convergence of telecommunications, computer technology and the internet has brought a new chapter in communications industry. REDtone™ offers essential business interaction solutions which are designed to promote efficiency, personal and organisational productivity in all business communications.

REDtone™ is categorised into 2 business group known as :-

i) REDTONE™ DISCOUNTED CALL SERVICE

ii) REDTONE™ COMMUNICATION PRODUCTS & SERVICES

Supported by over 5,000 distributors, resellers and agents and with offices in Malaysia, China and Hong Kong, REDtone™ is at the forefront of this technological revolution, offering a new communication platform to its individual consumers and the latest business communication solutions to its corporate clients.

For more information of REDtone™ products and solutions, log on to the website www.redtone.com

SHARE ANALYSIS

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 2ND Q 2003

2nd Q 2003 1st Q 2003 % change

PPB share price

Closing price (high)	4.66	4.08	14%
Closing price (low)	4.00	3.88	3%
Month end closing price	4.62	4.08	13%
Weighted share price	4.47	3.96	13%
Market capitalization (RM' million)	2,266.68	2,001.74	13%

PPB share volume

Daily volume (high)	1,859,000	376,000	394%
Daily volume (low)	2,000	2,000	0%
Average daily volume shares	199,094	101,776	96%

Kuala Lumpur Composite Index (KLCI) share price

KLCI closing (high)	691.96	675.87	2%
KLCI closing (low)	624.18	619.22	1%
KLCI month end closing	691.96	635.72	9%

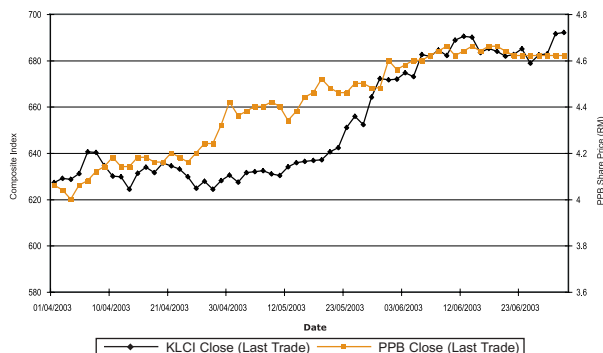
Kuala Lumpur Composite Index (KLCI) share volume

Daily volume (high)	112,804,200	121,427,400	-7%
Daily volume (low)	16,131,200	14,224,200	13%
Average daily volume shares	50,996,468	46,543,786	10%

The Kuala Lumpur Stock Exchange closed 56.24 points higher at 691.96 points in the second quarter, up 9% from the first quarter. Market sentiments improved significantly following the containment of SARS and the release of the Government's economic stimulus package. The local market also benefited from the strong gains on the overseas bourses.

PPB share price outperformed the KLSE to close 13% higher at RM4.62 on 30 June 2003 compared with RM4.08 in the preceding quarter. Market capitalization of PPB shares increased to RM2.3 billion and the daily average volume rose to 199,094, an increase of 96% over the previous quarter.

KLCI & PPB SHARE PRICE FOR 2ND QUARTER 2003



FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

(The figures have not been audited)	6 months		Change (%)	12 months
	30.6.2003 (RM'million) Unaudited	30.6.2002 (RM'million) Unaudited		31.12.2002 (RM'million) Audited and restated *
Income Statements				
Revenue	4,252.082	3,490.573	21.8%	7,857.980
Profit from operations	287.264	123.364	132.9%	385.976
Profit before taxation	329.542	182.614	80.5%	508.883
Earnings	168.681	92.494	82.4%	250.703
Balance Sheet				
Non-current assets	3,477.085	3,400.986	2.2%	3,425.663
Current assets	1,895.384	1,731.542	9.5%	1,968.442
■ Cash and deposits	616.992	564.428	9.3%	478.532
Non-current and deferred liabilities	360.421	291.623	23.6%	348.603
Current liabilities	754.396	805.925	-6.4%	929.963
■ Borrowings				
-> Long term	80.434	35.878	124.2%	78.148
-> Short term	311.926	376.785	-17.2%	383.244
Share capital	490.623	490.623	0.0%	490.623
Shareholders' fund	2,844.683	2,728.750	4.3%	2,726.101
Fund employed	4,618.073	4,326.603	6.7%	4,464.142
Financial Ratios				
Return on net assets	(%)	7.17	4.22	11.46
Return on equity	(%)	5.93	3.39	9.20
EPS	(sen)	34.38	18.85	51.10
Profit before tax over revenue	(%)	7.75	5.23	6.48
Interest coverage	(times)	53.28	37.08	37.69
Current ratio	(times)	2.51	2.15	2.12
Debt ratio	(%)	2.75	1.30	2.79
NTA per share	(RM)	5.72	5.48	5.48
Net dividend per share	(sen)	7.60	7.60	43.00
Stock Market Information				
Share price	(RM)	4.62	3.94	3.94
Market capitalisation	(RM'million)	2,266.68	1,933.05	1,933.05
PE ratio (annualised)	(times)	6.72	10.45	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 HALF YEAR RESULTS ENDED 30.06.2003

KUALA LUMPUR, 25 August 2003 - PPB Group Berhad's strong financial performance continues into the first half of the year with pre-tax profit rising to RM329.5 million, up 80% from the corresponding period in 2002. The significant increase in profit is largely due to higher contribution from the Group's sugar refining, oil palm plantations, edible oils refining and grain and feed milling operations. Revenue grew 22% to RM4.3 billion from the prior year's RM3.5 billion mainly due to higher palm product prices.

Net earnings increased 82% to RM168.7 million from RM92.5 million representing an earnings per share of 34.4 sen compared with 18.9 sen for the first half of last year. Annualised, this would translate to a price-earning ratio of 6.7 at PPB's share price of RM4.62 as at 30 June 2003.

Resulting from the higher profit, return on net asset and return on equity improved to 7.2% and 5.9% respectively from 4.2% and 3.4% respectively for the corresponding periods under review.

PRESS RELEASE

DIVIDENDS

PPB's Board of Directors declared an interim dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less tax payable on 26 September 2003.

BALANCE SHEET

The Group's balance sheets remain healthy with shareholders' funds growing to RM2.845 billion from RM2.726 billion and net tangible assets per share appreciating to RM5.72 from RM5.48. The core business activities continue to generate good cash flows, contributing to a net cash surplus of RM224.6 million.

REVIEW OF RESULTS

Sugar and grain and feed milling operations registered considerably higher profit under favourable trading conditions. Livestock farming turned around to record a marginal profit from improved prices of day old chicks and table eggs.

Oil palm plantation operations undertaken by PPB Oil Palms Berhad, a 55.7% subsidiary of PPB, performed well with pre-tax profit of RM95.6 million, an increase of 78% from the same period last year. The marked improvement is due principally to significantly higher palm products prices. The average realised prices for CPO and palm kernel increased to RM1,503 and RM686 per tonne respectively, up from RM1,168 and RM533 per tonne respectively, in the first half of last year.

Driven by better refining margins, the edible oils refining activity recorded substantially higher profit of RM39 million against a small loss during the same period last year.

Chemquest Group recorded a 55% increase in pre-tax profit to RM6.6 million mainly due to higher contributions from its associates engaged in utilities and waste management activities. "Chemquest's recent award of the Beijing sewage treatment plant augurs well for the expansion of our utilities sector into China", said Mr Ong Ie Cheong, Executive Chairman of PPB Group Berhad. Its glove manufacturing operation, which was affected by poor prices incurred lower losses from further cost-cutting measures to reduce production cost.

Film exhibition and distribution division benefited from the release of many blockbuster titles and the Government's piracy-eradication efforts to record profits of RM4.5 million, up 160% from RM 1.74 million.

Property division's improved performance was mainly attributable to profit recognized from the Bukit Segar residential project and higher income from Cheras LeisureMall. In May 2003, PPB Hartabina Sdn Bhd, handed over the Phase I of its Bukit Segar development in Cheras to homeowners.

PROSPECTS FOR YEAR 2003

The main operating divisions are expected to perform better and it is envisaged that Group profit for 2003 would surpass that of last year.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30 JUNE		30 JUNE	
	2003	2002	2003	2002
(The figures have not been audited)	RM'000	RM'000	RM'000	RM'000
Revenue	2,130,314	1,978,274	4,252,082	3,490,573
Operating expenses	(1,992,177)	(1,924,154)	(3,989,080)	(3,384,434)
Other operating income	14,041	10,483	24,262	17,225
Profit from operations	152,178	64,603	287,264	123,364
Net profit from investing activities	2,810	6,384	6,125	16,491
Share of associated companies' profits less losses	19,559	25,194	42,457	47,999
Share of jointly controlled entities' profits less losses	-	(146)	-	(179)
Finance costs	(3,436)	(2,864)	(6,304)	(5,061)
Profit before taxation	171,111	93,171	329,542	182,614
Taxation	(43,841)	(20,267)	(86,211)	(37,181)
Profit after taxation	127,270	72,904	243,331	145,433
Minority interest	(41,570)	(26,088)	(74,650)	(52,939)
Net profit for the period	85,700	46,816	168,681	92,494
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	17.47	9.54	34.38	18.85
(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.	17.45	9.52	34.35	18.82

(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 30 JUN 2003 RM'000 (Unaudited)	As at 31 DEC 2002 RM'000 (Audited) (Restated *)
Property, plant and equipment	2,472,490	2,449,785
Land held for development	15,977	14,817
Investment in associated companies	707,046	686,083 *
Investment in jointly controlled entities	315	314
Long term investments	239,780	236,655
Goodwill on consolidation	36,018	37,093
Deferred tax assets	5,459	916 *
Current Assets		
Inventories	606,474	729,666
Land under development	38,138	44,890
Receivables	633,780	715,354
Cash and cash equivalents	616,992	478,532
	<u>1,895,384</u>	<u>1,968,442</u>
Current Liabilities		
Payables	401,980	535,520
Short term borrowings	311,926	383,244
Taxation	40,490	11,199 *
	<u>754,396</u>	<u>929,963</u>
Net Current Assets	<u>1,140,988</u>	<u>1,038,479</u>
	<u>4,618,073</u>	<u>4,464,142</u>
Financed by :		
Share Capital	490,623	490,623
Reserves	2,354,060	2,235,478 *
Shareholders' equity	<u>2,844,683</u>	<u>2,726,101</u>
Minority interest	1,412,969	1,389,438 *
Long term borrowings	80,434	78,148
Reserve on consolidation	12,549	11,187
Deferred tax liabilities	267,438	259,268 *
	<u>4,618,073</u>	<u>4,464,142</u>
Net tangible assets per share (sen)	572	548 *

(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)	-	-	(43,072)	-	(247)	(43,319)	(57,433)	(100,752)
- As restated	490,623	21,128	90,228	31,997	140,144	262,369	1,951,981	2,726,101
Net (losses)/gains not recognised in the income statement	-	-	(266)	1,324	422	1,480	(554)	926
Net Profit for the year	-	-	-	-	-	-	168,681	168,681
Transfer of reserves	-	-	(33)	-	620	587	(587)	-
Dividend paid	-	-	-	-	-	-	(51,025)	(51,025)
At 30 June 2003	490,623	21,128	89,929	33,321	141,186	264,436	2,068,496	2,844,683

(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

6 months ended
30 JUNE 2003
RM'000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	329,542
Adjustments :-	
Non-cash items	26,953
Non-operating items	(2,571)
Operating profit before working capital changes	<u>353,924</u>
Working capital changes	
Net change in current assets	197,741
Net change in current liabilities	<u>(138,590)</u>
Cash generated from operations	413,075
Tax paid	<u>(40,889)</u>
Net cash generated from operating activities	372,186

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(71,889)
Proceeds from disposal of property, plant and equipment	3,208
Investment in subsidiary companies	(11,602)
Investment in associated companies	(2,500)
Dividend received from investments	13,564
Interest received	6,898
Other investing activities	1,364
Net cash used in investing activities	(60,957)

CASH FLOW FROM FINANCING ACTIVITIES

Shares issued to minority shareholders of subsidiary companies	7,598
Repayment of bank borrowings	(68,548)
Interest paid	(7,178)
Dividends paid	(99,448)
Other financing activities	(907)
Net cash used in financing activities	(168,483)
Net increase in cash and cash equivalents	142,746
Cash and cash equivalents at 1 January	466,410
Effect of exchange rate changes	(301)
Cash and cash equivalents at 30 June	608,855

(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 previously reported	Effect	As restated
	RM'000	RM'000	RM'000
Revaluation reserve	133,300	(43,072)	90,228
Retained profits	2,009,414	(57,433)	1,951,981
Capital reserve	140,391	(247)	140,144
Investment in associated companies	687,233	(1,150)	686,083
Deferred tax asset	-	916	916
Minority interest	1,480,654	(91,216)	1,389,438
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**Segmental information in respect of the Group's business segments for the period ended 30 June 2003:**

All figures in RM'000	Sugar refining and cane plantation	Grain trading, flour and feed milling	Edible oils refining & trading	Oil palm plantations
Information about Business Segments:				
REVENUE				
External Sales	375,849	346,254	3,084,100	60,221
Inter - Segment sales	-	17,057	53,680	149,144
Total revenue	375,849	363,311	3,137,780	209,365
RESULT				
Segment operating profit/(loss)	93,001	48,850	39,055	82,385
Unallocated corporate expense				
Operating profit				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	(2,223)	-	16,641	598
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 30 June 2003

	6 months ended 30 JUN 2003 RM'000
<u>Dividends paid on ordinary shares</u>	
2002 Final dividend - 5 sen tax exempt & 7.5 sen less 28% income tax	<u>51,024</u>

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
21,731	48,458	53,396	40,502	50,274	171,297	-	4,252,082
2,614	8,127	-	-	764	9,983	(241,369)	-
<u>24,345</u>	<u>56,585</u>	<u>53,396</u>	<u>40,502</u>	<u>51,038</u>	<u>181,280</u>	<u>(241,369)</u>	<u>4,252,082</u>
37	8,215	(239)	4,298	13,689	2,911	(80)	292,122
							(4,858)
							<u>287,264</u>
							6,125
							(6,304)
-	-	8,238	211	1,378	17,614	-	42,457
							<u>329,542</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

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 10 June 2003, PPB's 70% indirect subsidiary company, Suburmas Plantations Sdn Bhd ("Suburmas"), subscribed for 53% equity interest in Suburmas Palm Oil Mill Sdn Bhd which has an issued capital of RM5 million and is undertaking the construction of a 40-tonne per hour crude palm oil mill near Bintulu, Sarawak.
- b) On 12 August 2003, PPB's 55.65% owned subsidiary company, PPB Oil Palms Bhd had completed the acquisition of 100% equity interest in Jasa Karya Sdn Bhd ("JKSB") for a total cash consideration of RM8.369 million, and the settlement of an amount of RM10.799 million owing by JKSB's wholly-owned subsidiary company, Sekar Imej Sdn Bhd, to its previous holding company, Imej Warisan Sdn Bhd.

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 30 June 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 for the current quarter and financial year-to-date**

Group revenue of RM4.252 billion for the half year ended 30 June 2003 was 22% higher compared to RM3.491 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 RM329.542 million representing an increase of 80% compared to RM182.614 million for the same period last year. The oil palm plantation division contributed higher profits mainly due to higher prices for its palm products. The edible oils refining, sugar refining, grain and feed milling 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 RM171.111 million was 8% higher compared to RM158.431 million for the preceding quarter. The impact of higher crop production was offset by the lower realised prices for palm products and contributions from the plantation operations were marginally lower compared to the preceding quarter. The Group's other major operations recorded higher profits whilst contributions from associated companies were lower.

B3. Prospects for current financial year

All main operating divisions are expected to perform better and it is envisaged that Group profits for 2003 will surpass that of 2002.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 30 JUNE 2003 RM'000	Cumulative Quarter 6 months ended 30 JUNE 2003 RM'000
Malaysian taxation based on profit for the period:-		
Current	39,786	78,171
Deferred	1,476	665
Share of taxation of associated companies	2,743	5,224
	44,005	84,060
Foreign taxation		
Current	1,298	1,298
Deferred	854	1,396
Share of taxation of associated companies	711	2,484
	46,868	89,238
Over provision		
Current	(2,968)	(2,968)
Deferred	(59)	(59)
	43,841	86,211

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 sales of quoted investments for the period under review, whilst purchases of quoted investments amounted to RM118,000.

(b) Total investments in quoted securities as at 30 June 2003 are as follows:-

	RM'000
At cost	227,023
At book value	214,321
At market value	167,975

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) Reefon Sdn Bhd, a shipping company and a 100% owned subsidiary of FFM Berhad, was placed under members' voluntary liquidation on 23 September 2002 following the sale of a vessel which is its only asset. The liquidation is still in progress.

(c) Tri-Electro Sdn Bhd, a 76% indirect subsidiary of the Company, has resolved to undertake a members' voluntary liquidation on 4 August 2003. The surplus from liquidation is not material.

B9. Group borrowings

Total Group borrowings as at 30 June 2003 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	1,658	-	1,658
Long term bank loans (USD)	83,015	-	83,015
Long term bank loans (SGD)	3,127	3,127	-
Hire purchase liabilities	152	152	-
Repayments due within the next 12 months	(7,518)	(393)	(7,125)
	<u>80,434</u>	<u>2,886</u>	<u>77,548</u>
Short term bank borrowings			
Bills payable	231,323	-	231,323
Short term loans	40,800	-	40,800
Short term loans (USD)	18,999	-	18,999
Short term loans (Vietnamese Dong)	5,148	-	5,148
Current portion of long term loans	7,419	294	7,125
Hire purchase liabilities	99	99	-
	<u>303,788</u>	<u>393</u>	<u>303,395</u>
Bank overdrafts	8,138	-	8,138
	<u>311,926</u>	<u>393</u>	<u>311,533</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 19 August 2003, the Group has hedged outstanding foreign currency contracts of USD241.630 million equivalent to RM921.322 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 19 August 2003, the Group's outstanding commodities futures sales and purchases contracts amounted to RM14.443 million and RM27.863 million respectively. All these outstanding sales and purchases contracts are due to mature within the next one to four months and two 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

- (a) There is no change in the status of the application made by PPB's 70% indirect subsidiary company, Suburmas, to refer its claim of RM77.3 million to the High court of Sabah and Sarawak in respect of the 2,176 hectares of land compulsorily acquired by the Sarawak State Government.
- (b) As previously reported, a suit was filed at the High Court of Sabah and Sarawak in Sandakan against the Sabah State Government challenging the alienation of land to two indirect subsidiary companies, Hibumas Sdn Bhd and Penumilek Sdn Bhd, who were named as the Second and Third Defendants respectively. The Court has set the suit down for hearing on 20 October 2003.

B12. Dividend

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2003 of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax (2002 : 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax).

Dividend payment/entitlement date

Notice is hereby given that the interim dividend will be payable on Friday, 26 September 2003 to shareholders whose names appear in the Record of Depositors on Friday, 12 September 2003.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 12 September 2003 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.

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
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
2003	Interim dividend	4 sen tax exempt & 5 sen less 28% income tax	26 September 2003

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's net profit for each period by the 490,623,124 ordinary shares of PPB in issue during the period.

The diluted earnings per share has been calculated by dividing the Group's net profit for each 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, by the 490,623,124 ordinary shares of PPB in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30 JUNE		30 JUNE	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	85,700	46,816	168,681	92,494
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the period	(99)	(99)	(148)	(173)
Adjusted net profit for the period	<u>85,601</u>	<u>46,717</u>	<u>168,533</u>	<u>92,321</u>

Kuala Lumpur
25 August 2003

By Order of the Board
Tan Teong Boon
Company Secretary

ANNOUNCEMENTS 2003

09 may

Resignation of Dato' Abd Jabid bin Mohd Don as Director of PPB Group Berhad.

12 may

Appointment of YM Raja Dato' Seri Abdul Aziz bin Raja Salim as Director and member of the Audit and Nomination Committees of PPB Group Berhad.

29 may

Release of 1st Quarter results for the period ended 31 March 2003.

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