



PPB GROUP BERHAD

INVESTORUPDATE

ISSUE **09** 31 MAR 2004

Registered Office:

PPB GROUP BERHAD | 8167-W

17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail,

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website: www.ppbgroup.com



CORPORATE INFORMATION

Board of Directors

Ong Ie Cheong
Executive Chairman

Datuk Oh Siew Nam
Deputy Chairman

Dato' Lim Chee Wah
Executive Director

Dato Sri Liang Kim Bang
*Independent Non-Executive
Director*

YM Raja Dato' Seri Abdul Aziz
bin Raja Salim
*Independent Non-Executive
Director*

Ang Guan Seng
*Non-Independent Non-Executive
Director*

Tan Yew Jin
*Non-Independent Non-Executive
Director*

Michael Oh Aik Teong
*(Alternate Director to Mr Ang Guan Seng)
Non-Independent Non-Executive
Director*

Koh Mei Lee
*(Alternate Director to Mr Tan Yew Jin)
Non-Independent Executive
Director*

Audit Committee

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

YM Raja Dato' Seri Abdul Aziz
bin Raja Salim

Nomination Committee

Ang Guan Seng
Chairman

Dato Sri Liang Kim Bang

YM Raja Dato' Seri Abdul Aziz
bin Raja Salim

Remuneration Committee

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

Ong Ie Cheong

Secretary

Tan Teong Boon

Registered Office

17th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2141 2077
Fax: 03-2141 8242
Website: www.ppbgroup.com

Solicitors

Kadir, Andri Aidham & Partners
8th Floor Menara Safuan
80 Jalan Ampang
50450 Kuala Lumpur

Lee Hishammuddin
Level 16 Menara Phileo
189 Jalan Tun Razak
50400 Kuala Lumpur

Principal Bankers

Malayan Banking Berhad
Bumiputra-Commerce Bank Bhd
OCBC Bank (Malaysia) Berhad

Auditors

Moore Rowland
7th Floor South Block
Wisma Selangor Dredging
142A Jalan Ampang
50450 Kuala Lumpur

Registrar

PPB Corporate Services Sdn Bhd
14th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2141 2077
Fax: 03-2141 8242

Stock Exchange Listing

Bursa Malaysia Securities Berhad
(Main Board)
Sector: Consumer Products
Stock Number: 4065
ISIN: MYL406500008
Reuters Code: PEPT.KL

FEATURE ARTICLE

SITAMAS & SITACLEAN



Refuse Disposal Services

In January 2004, PPB Group increased its equity stake in Sitamas Environmental Systems Sdn Bhd (Sitamas) by 29% to 78%. Sitamas is actively involved in the provision of refuse disposal services. The Group's additional investment in Sitamas reflects the Group's confidence in the prospects of the solid and liquid waste industry and that Sitamas is able to play a major role in meeting the higher demand and expectations by the public for a cleaner environment.

Incorporated in 1975, Sitamas is one of the leading waste management companies in the country providing a comprehensive range of solid and liquid waste disposal systems backed by a fleet of over 100 service trucks and a trained workforce of 185 employees. Sitamas is one of the few waste management companies with complete in-house facilities. The fleet of trucks is maintained and supported by a team of in-house mechanics and welders to attend to breakdowns efficiently to ensure high quality of services at all times and in all weather conditions.

Its range of services are set out below :-

- Solid Waste Management
Provide Solid Waste Disposal Services for Domestic/Household, Industrial, Commercial and Institutional waste.
- Liquid Waste Management
Provide Desludging Services for Household, Industrial and Commercial Sewage and Sludge.

FEATURE ARTICLE

- Waste Recycling
Provide Systems to segregate recyclable waste at source for Commercial and Industrial customers to reduce their operating cost.
- Provision of Advisory Services
Provide services in designing appropriate systems, equipments and bins to suit customer needs and requirements in recycling and disposing their waste.

Sitamas' waste systems cater to all types of industries and some of the major customers are Dairy Farm-Giant Supermarket Stores, Jaya Jusco Stores, Carrefour, Nestle, Matsushita, NorthPort, Premier Milk, Gardenia Bakeries, Shangri-La Hotels, Quality Hotel Group and Concorde Hotel Group. Sitamas is also one of the main sub-contractors for Alam Flora and Southern Waste Management for the domestic and household solid waste collection. As for the liquid waste activity, its main customer is Indah Water Konsortium. Today, Sitamas has a customer base of 1,600 and many of its customers have been with the company since its establishment in 1975 due to their confidence in the services provided by Sitamas.

Sitamas is the only waste management company in Malaysia to receive the Quality Maintained Vehicle Award from Puspakom for the excellent condition and cleanliness of its service fleet that meets the high standards required at all times. Sitamas is also the country's first waste disposal company to receive the prestigious ISO 9001 certification from SIRIM QAS Sdn Bhd.

Future Plans

Sitamas will continue to seek opportunities in the waste management industry and at the same time, explore new products to further improve its services.



HAPPENINGS

FFM LAUNCHES ROTI CANAI COMPETITION

FFM Berhad has organized a nationwide campaign called the FFM Roti Canai Challenge Malaysia 2004 to promote the institutional usage of flour in the market. Roti canai is enjoyed by all races and ages from all walks of life and is seen as one of the culinary delights that is truly Malaysian. With everyone having their own favourite roti canai stall or restaurant, the competition seeks to determine who will become the nationwide champion with the best roti canai making skills as well as establish the company as the main producer of wheat flour in the country.

The FFM Roti Canai Challenge Malaysia 2004 will be held at 7 venues and is opened to qualified roti canai operators from the 12 states of Peninsular Malaysia. The Grand Finals will be held at the One Utama Shopping Complex in Bandar Utama, Petaling Jaya on the 5th of June 2004 and the winner stands to win a total of RM250,000 in cash and prizes.

The contestants will be judged on two levels; Technical and Spot Quiz. Under the Technical section, points will be awarded for Skill, Dressing, Showmanship and Creativity whereas for the Spot Quiz, points will be awarded on the participants' knowledge of FFM products, their style in making roti canai as well as originality in telling the judges what they will do with the money if they win the Grand Finals. They are also required to create an original roti canai variant.



As roti canai operators are one of the many institutional bodies that use wheat flour on a very regular basis, the idea of the FFM Roti Canai Challenge Malaysia 2004 is most appropriate. Through this exercise, it is hoped that not only will roti canai makers be recognised but awareness of the most suitable flour for the making of roti canai will be identified.

Wheat flour has very little publicity. Many deem wheat flour as a commodity. However, as consumers get more and more sophisticated, so too must the manufacturer of wheat flour based products. There are actually more than 20 different types of wheat flour in the Malaysian market alone and there is an increasing importance to brand the wheat flour marketed by FFM Berhad.

FFM flour brands such as Blue Key, Pen and Anchor are the market leaders and survey shows that these 3 brands command 80% of the market share in the roti canai segment. The campaign aims to strengthen the brands in the local market and enhance customer relationship with the Company as well as enlarge its user base and increase awareness for FFM flour brands.

On 9 January 2004, Redtone International Berhad (Redtone) successfully listed its entire issued and paid-up share capital comprising 252,000,000 ordinary shares of RM0.10 each on the MESDAQ market of Bursa Malaysia. Of the entire issued and paid-up share capital listed, 3,000,000 shares of RM0.10 each were offered to the public and 28,080,000 shares of RM0.10 each through private placements. The Redtone shares made a debut at listing with an opening price of RM1.19, a premium of RM0.24 over the issue price of RM0.95 and 89% above the theoretical ex-bonus listing price of RM0.63. The shares were oversubscribed by 88 times.

Redtone Group is a leading provider of discounted call service and developer and seller of telecom equipment in Malaysia. Its wholly-owned subsidiary, Redtone Telecommunications Sdn Bhd, is one of the pioneer companies accorded the Multimedia Super Corridor (MSC) status and has successfully researched and developed award-winning computer telephony products, most notably, TeleCARE range of products. Amongst the products, Redtone Voice, the main contributor to the Group, has been tailored to address three major market segments – families, small medium enterprises and corporates.

To date, PPB Group is a major shareholder of Redtone with 12% equity interest.

PPB Group Berhad held its annual Press Briefing on 2 March 2004 at the Gold Class, Golden Screen Cinemas Mid Valley Megamall to present the Group's final results for the financial year ended 31 December 2003.

Mr Ong Le Cheong, the Executive Chairman of PPB together with other management staff dealt with numerous questions posed by journalists on the final results and latest developments of the Group.

Financial highlights of the Press Briefing for year 2003 were:-

- Pre-tax profit increased by 41% to RM707.4 million compared with RM500.8 million in the preceding year.
- Group's revenue rose to RM9.32 billion from RM7.86 billion in 2002, up 19%.
- Net profit grew by 53% to RM371.3 million compared with RM243 million achieved in the previous year.
- Robust cash flows generated by the Group's core operations contributed to a much-improved net cash position of RM249.8 million as at 31.12.2003 against RM 17.1 million in 2002.
- Net tangible assets per share improved to RM6.02 from RM5.43.



HAPPENINGS

AUTOMATED TOILETS FOR BETTER PUBLIC HYGIENE



In February 2004, Marathon Equipment Asia Pte Ltd, a 70% indirect subsidiary of PPB completed the installation of an automated toilet called “Exeloo” at the National Park in Yishun for the Singapore government.

The recent outbreak of the Severe Acute Respiratory Syndrome (SARS) has raised public health and personal hygiene concerns to the forefront and one of the key areas of rising concern is the poor hygiene of public toilets.

Exeloo automated toilet costing S\$250,000 per unit provides the highest standard of hygiene and safety for users, meets the needs of the disabled, and discourages loitering or vandalism. Fully equipped with futuristic features in toilet technology, it comes with an electronic wash basin, sensor flushing, electronic tissue dispenser, movement sensor, automated washing sequence, concealed operating components, electromagnetic locking, music and voice messages as well as diaper changing facilities. Exeloo’s flooring includes non-slip ceramic tiles with moisture resistant grout and the interior walls are surfaced with flooring grade ceramic tiles whilst the exterior surface has a texture and graffiti resistant epoxy paint surface.

Marathon Equipment Asia Pte Ltd, a leading solution provider in the environmental engineering and solid waste management industry in the Asia Pacific region, has to date received numerous inquiries on Exeloo from several authorities including the Sentosa development authority and Singapore’s Arts Icon, the Esplanade.

SHARE ANALYSIS

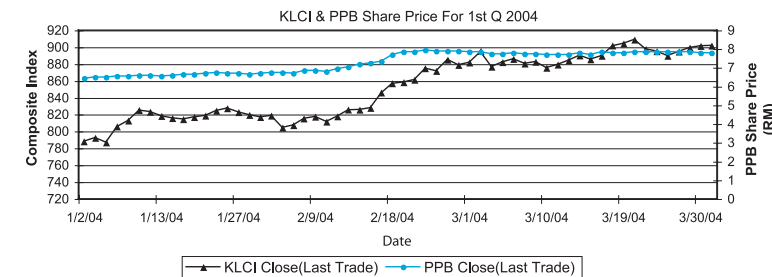
PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 1ST Q 2004

	1ST Q 2004	4TH Q 2003	% change
PPB share price			
Closing price (high)	7.95	6.55	21.37%
Closing price (low)	6.45	5.35	20.56%
Month end closing price	7.80	6.55	19.08%
Weighted share price	7.39	5.82	26.86%
Market capitalization (RM' million)	3,826.86	3,213.58	19.08%

	1ST Q 2004	4TH Q 2003	% change
PPB share volume			
Daily volume (high)	2,307,500	1,412,200	63.40%
Daily volume (low)	36,900	18,600	98.39%
Average daily volume	349,595	334,600	4.48%

	1ST Q 2004	4TH Q 2003	% change
Kuala Lumpur Composite Index (KLCI) share price			
KLCI closing (high)	908.96	817.12	11.24%
KLCI closing (low)	787.29	737.43	6.76%
KLCI month end closing	901.85	793.94	13.59%

	1ST Q 2004	4TH Q 2003	% change
Kuala Lumpur Composite Index (KLCI) share volume			
Daily Volume (high)	265,590,896	268,086,896	-0.93%
Daily Volume (low)	25,085,200	20,624,500	21.63%
Average Daily Volume	109,931,252	81,103,744	35.54%



Market sentiments continue to improve throughout the quarter boosted by several factors, some of which were the appointment of Datuk Seri Najib Tun Razak as Malaysia's DPM, the Moody's Investors Service upgrade on Malaysia's foreign currency rating, Malaysia's reinstatement into the California Public Employees' Retirement System's list of permissible emerging markets as well as the release of strong 4th Quarter 2003 GDP numbers. Barisan Nasional's victory in the General Elections led the KLCI to close 107.91 points higher at 901.85 on 31 March 2004, compared with 793.94 points in the preceding quarter.

In tandem with the KLCI performance, PPB share price closed at RM7.80 on 31 March 2004, an increase of 19.08% over the closing price of RM6.55 on 31 December 2003. Market capitalization of PPB share was RM3.827 billion and its daily average volume rose to 349,595 shares.

FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

Financial period ended (All figures in RM' million)	31.3.04 Not-audited	3 months 31.3.03 Not-audited	Change %	12 months 31.12.03 Audited
Income Statements				
Revenue	2,578.036	2,121.768	21.50%	9,319.768
Profit from operations	141.089	135.086	4.44%	554.572
Profit before tax	184.533	158.431	16.48%	707.360
Net profit	97.905	82.981	17.98%	371.253
Balance Sheets				
Current assets				
Inventories	945.463	610.479	54.87%	810.429
Trade receivables	451.109	359.182	25.59%	423.760
Cash, bank balances and deposits	673.652	631.352	6.70%	724.579
Others	396.466	293.158	35.24%	331.185
Total current assets	2,466.690	1,894.171	30.23%	2,289.953
Current liabilities				
Trade payables	343.520	216.457	58.70%	296.295
Short term bank borrowings	443.124	312.412	41.84%	390.942
Others	274.635	232.194	18.28%	292.583
Total current liabilities	1,061.279	761.063	39.45%	979.820
Non-current assets				
Property, plant and equipment	2,489.665	2,449.351	1.65%	2,478.584
Associates	552.216	697.060	-20.78%	535.668
Jointly controlled entities	38.857	0.315	>100%	27.547
Other investments	407.350	236.591	72.17%	412.098
Goodwill	36.617	36.568	0.13%	34.779
Others	25.286	16.015	57.89%	24.129
Total non-current assets	3,549.991	3,435.900	3.32%	3,512.805
Non-current and deferred liabilities				
Long term bank borrowings	95.171	77.040	23.53%	83.877
Others	268.348	271.898	-1.31%	268.313
Total non-current and deferred liabilities	363.519	348.938	4.18%	352.190
Minority interest				
	1,512.664	1,414.737	6.92%	1,482.721
Share capital	490.623	490.623	0.00%	490.623
Reserves	2,588.596	2,314.710	11.83%	2,497.404
Shareholders' equity	3,079.219	2,805.333	9.76%	2,988.027
Ratios				
Return on net assets (%)	3.74	3.47		14.71
Return on equity (%)	3.18	2.96		12.42
Earnings per share (sen)	19.96	16.91	18.04%	75.67
Profits before tax over revenue (%)	7.16	7.47		7.59
Interest coverage (times)	51.09	56.24	-9.16%	62.60
Current ratio (times)	2.32	2.49	-6.83%	2.34
Debt/Equity (%)	3.09	2.75		2.81
Net tangible assets per share (RM)	6.20	5.64	9.93%	6.02
Net dividend per share (sen)	0.00	0.00		20.52
Stock Market Information				
Share price (RM)	7.80	4.08	91.18%	6.55
Market capitalisation (RM' million)	3,826.86	2,001.74	91.18%	3,213.58
PE ratio (annualised) (times)	9.77	6.03	62.02%	8.66

ANNOUNCEMENTS

2004

27 january

PPB's 99% indirect subsidiary, Chemical Waste Management Sdn Bhd (CWM), acquired an additional 29% equity interest in Sitamas Environmental Systems Sdn Bhd (Sitamas) and 100% equity interest in Sitaclean Technologies (M) Sdn Bhd (Sitaclean). Pursuant to the acquisitions, Sitamas and Sitaclean have become indirect subsidiaries of PPB. Sitamas provides refuse disposal services whilst Sitaclean is principally involved in the provision of management services.

27 february

Release of the 4th Quarter Report for the year ended 31 December 2003.

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 MARCH		3 months ended 31 MARCH	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Revenue	2,578,036	2,121,768	2,578,036	2,121,768
Operating expenses	(2,446,080)	(1,996,903)	(2,446,080)	(1,996,903)
Other operating income	9,133	10,221	9,133	10,221
Profit from operations	141,089	135,086	141,089	135,086
Net profit from investing activities	7,151	3,315	7,151	3,315
Share of associated companies' profits less losses	39,977	22,898	39,977	22,898
Finance costs	(3,684)	(2,868)	(3,684)	(2,868)
Profit before taxation	184,533	158,431	184,533	158,431
Taxation	(43,379)	(42,370)	(43,379)	(42,370)
Profit after taxation	141,154	116,061	141,154	116,061
Minority interest	(43,249)	(33,080)	(43,249)	(33,080)
Net profit for the period	97,905	82,981	97,905	82,981
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	19.96	16.91	19.96	16.91
(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	-	16.90

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2003.)

	As at 31 MAR 2004 RM'000 (Unaudited)	As at 31 DEC 2003 RM'000 (Audited)
Property, plant and equipment	2,489,665	2,478,584
Land held for development	17,208	16,679
Investment in associated companies	552,216	535,668
Investment in jointly controlled entities	38,857	27,547
Long term investments	407,350	412,098
Goodwill on consolidation	36,617	34,779
Deferred tax assets	8,078	7,450
Current Assets		
Inventories	945,463	810,429
Land under development	29,027	34,439
Receivables	818,548	720,506
Cash, bank balances and deposits	673,652	724,579
	2,466,690	2,289,953
Current Liabilities		
Payables	594,119	562,902
Short term borrowings	443,124	390,942
Taxation	24,036	25,976
	1,061,279	979,820
Net Current Assets	1,405,411	1,310,133
	4,955,402	4,822,938
Financed by :		
Share capital	490,623	490,623
Reserves	2,588,596	2,497,404
Shareholders' equity	3,079,219	2,988,027
Minority interest	1,512,664	1,482,721
Long term borrowings	95,171	83,877
Reserve on consolidation	12,247	12,233
Deferred tax liabilities	256,101	256,080
	4,955,402	4,822,938
Net tangible assets per share (sen)	620	602

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2003.)

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ended 31 march 2004

	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
3 months ended 31 March 2004								
At 1 January 2004	490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	2,988,027
Net (losses)/gains not recognised in the income statement	-	-	-	(3,332)	(3,381)	(6,713)	-	(6,713)
Net profit for the period	-	-	-	-	-	-	97,905	97,905
Transfer of reserves	-	-	(424)	-	-	(424)	424	-
At 31 March 2004	490,623	21,128	87,930	33,426	140,649	262,005	2,305,463	3,079,219
3 months ended 31 March 2003								
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	-	-	(43,072)	-	(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	-	-	(123)	(1,924)	210	(1,837)	(253)	(2,090)
Net profit for the period	-	-	-	-	-	-	82,981	82,981
Transfer of reserves	-	-	(468)	-	(667)	(1,135)	1,135	-
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 2003.)

QUARTERLY REPORT

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

ended 31 march 2004

	3 months ended 31 March	
	2004 RM'000	2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	184,533	158,431
Adjustments :-		
Non-cash items	(2,095)	12,481
Non-operating items	(929)	(447)
Operating profit before working capital changes	181,509	170,465
Working capital changes		
Net change in current assets	(157,592)	210,963
Net change in current liabilities	27,803	(112,445)
Cash generated from operations	51,720	268,983
Tax paid	(40,982)	(14,866)
Net cash generated from operating activities	10,738	254,117
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,692)	(27,635)
Proceeds from disposal of property, plant and equipment	1,075	3,858
Investment in subsidiary companies	(1,830)	(9,254)
Investment in associated companies	(25)	(2,500)
Investment in jointly controlled entities	(11,310)	-
(Advances to)/repayment from associated companies	(67,275)	3,331
Dividend received from investments	1,720	7,566
Interest received	3,288	2,974
Other investing activities	7,437	246
Net cash used in investing activities	(107,612)	(21,414)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	-	2,141
Bank borrowings	59,586	(67,890)
Interest paid	(3,601)	(2,907)
Dividends paid	(12,345)	(7,651)
Other financing activities	(340)	390
Net cash generated/(used in) financing activities	43,300	(75,917)
Net (decrease)/increase in cash and cash equivalents	(53,574)	156,786
Cash and cash equivalents at 1 January	715,636	466,410
Effect of exchange rate changes	(301)	84
Cash and cash equivalents at 31 March	661,761	623,280

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2003.)

A. MASB 26 - Paragraph 16
A1. Accounting policies

The interim financial statements of the Group are unaudited and have been prepared using the same accounting policies and methods of computation as those used in the preparation of the last annual financial statements for the financial year ended 31 December 2003, and comply with the requirements of MASB 26 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("BMSB").

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 which the cropping pattern declines to a trough in the first half of the year and rises to a peak in the second half.

A8. Segmental reporting
Segmental information in respect of the Group's business segments for the period ended 31 March 2004 :

All figures in RM'000	Sugar refining and cane plantation	Grains trading, flour & feed milling	Edible oils refining & trading	Oil palm plantations	Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Other operations	Elimination	Consolidated
Information about Business Segments:												
REVENUE												
External Sales	194,805	194,192	1,935,659	32,763	12,465	22,357	32,693	23,138	40,188	89,776	-	2,578,036
Inter-Segment sales	-	11,479	34,512	85,960	1,851	3,927	-	-	214	10,335	(148,278)	-
Total revenue	194,805	205,671	1,970,171	118,723	14,316	26,284	32,693	23,138	40,402	100,111	(148,278)	2,578,036
RESULT												
Segment operating results	46,659	21,158	18,355	38,871	(1,220)	1,715	1,047	1,911	12,574	2,462	55	143,587
Unallocated corporate expense												(2,498)
Profit from operations												141,089
Investing activities												7,151
Finance costs												(3,684)
Share of associated companies' profits less losses	(5,068)	-	36,843	661	-	-	3,003	-	1,445	3,093	-	39,977
Profit before taxation												184,533

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

There were no dividends paid during the financial period ended 31 March 2004.

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 15 Jan 2004, PGEO Group Sdn Bhd, a 100% owned indirect subsidiary of the Company, subscribed for 1.53 million ordinary shares of RM1.00 each for cash at par in Volac Ingredients Sdn Bhd totaling RM1.53 million, representing 51% of its equity interest.
- (b) On 27 January 2004, PPB's 99% indirect subsidiary, Chemical Waste Management Sdn Bhd, acquired an additional 29% equity interest in Sitamas Environmental Systems Sdn Bhd (Sitamas) and 100% equity interest in Sitaclean Technologies (M) Sdn Bhd (Sitaclean) for a cash consideration of RM3.3 million and RM900,000 respectively. Pursuant to the acquisitions, Sitamas and Sitaclean have become indirect subsidiaries of PPB. Sitamas provides refuse disposal services whilst Sitaclean is principally involved in the provision of management services.
- (c) On 12 March 2004, PT Tidar Sungkai Sawit, an indirect wholly-owned subsidiary company, completed the acquisition of 80% equity interest in PT Sarana Titian Permata ("STP") for a cash consideration of Rp20 million (approximately RM9,130). STP, which has not commenced operations, is intended to be used to explore investment opportunities in Indonesia.
- (d) On 24 May 2004, PPB's 55% indirect subsidiary, Chemquest (Overseas) Limited, subscribed for 100% of the registered capital of Beijing CQ Environmental Management Consultancy Services Co. Ltd (BEM) totaling USD700,000 making BEM a subsidiary of PPB Group. BEM which is currently dormant will provide consultancy services on business management and investments in China.

A12. Changes in contingent liabilities or contingent assets

The were no changes in the unsecured bank guarantees issued in consideration of credit facilities granted to associated companies as at 31 March 2004.

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

B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance for the current quarter and financial year-to-date**

Group revenue of RM2.578 billion for the first quarter ended 31 March 2004 was 21% higher compared with RM2.122 billion for the previous year mainly due to higher selling prices for palm oil and its related products.

The Group achieved a profit before tax of RM184.533 million which represents an increase of 16% over the corresponding period last year. The increase in profit before tax was mainly attributable to higher contribution from associated companies and better performance of the property development division and edible oils trading and refining operations. The Group's other 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 RM184.533 million was marginally higher compared with RM181.133 million for the preceding quarter. Despite higher palm product prices, profits from the plantation operations for the current quarter were marginally lower than the immediate preceding quarter due to lower crop production, which declined significantly in line with the natural cropping pattern. Profit contributions from sugar, grains trading, flour and feed milling divisions were also lower due to higher raw material prices. The effect were mitigated by better contribution from associated companies. The Group's other major operations recorded satisfactory results.

B3. Prospects for current financial year

Profit contribution from the oil palm plantation division is expected to be higher than that of the previous year with higher crop production and assuming that prices stay at current levels. Trading conditions for the sugar, grains trading, flour and feed milling divisions are expected to be challenging in view of higher raw materials costs and increasing freight rate. However, it is envisaged that Group performance for year 2004 will be satisfactory.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 31-Mar-2004 RM'000	Cumulative Quarter 3 months ended 31-Mar-2004 RM'000
Malaysian taxation based on profit for the period:-		
Current	37,000	37,000
Deferred	2,236	2,236
Share of taxation of associated companies	390	390
	<u>39,626</u>	<u>39,626</u>
Foreign taxation		
Current	1,087	1,087
Deferred	(239)	(239)
Share of taxation of associated companies	4,784	4,784
	<u>45,258</u>	<u>45,258</u>
(Over)/under provision		
Current	400	400
Deferred	(2,279)	(2,279)
	<u>43,379</u>	<u>43,379</u>

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 were no profits or losses on sale of unquoted investments and/or properties for the current quarter and financial year-to-date under review.

B7. Quoted securities

- (a) Total purchases and disposals of quoted securities for the current quarter and financial year-to-date under review are as follows :-

	Individual Quarter 3 months ended 31-Mar-2004 RM'000	Cumulative Quarter 3 months ended 31-Mar-2004 RM'000
Total cost of purchases	8	8
Total proceeds from disposals	7,219	7,219
Profit on disposal	2,538	2,538

- (b) Total investments in quoted securities as at 31 March 2004 are as follows:-

	RM'000
At cost	389,615
At book value	381,889
At market value	612,503

B8. Status of corporate proposals

- (a) Reefon Sdn Bhd, a shipping company and a 100% owned indirect subsidiary of the Company, was placed under Members' Voluntary Winding-up on 23 September 2002 following the sale of a vessel which is its only asset. The liquidation is expected to be completed by mid-2004.
- (b) Tri-Electro Sdn Bhd, a 76% indirect subsidiary of the Company, was placed under Members' Voluntary Winding-up on 4 August 2003. The liquidation is in progress.
- (c) Narwa Sdn Bhd (Narwa), a 66.6% indirect subsidiary of the Company was placed under Members' Voluntary Winding-up on 17 December 2003. The liquidation is in progress.
- (d) During the second quarter of 2004, approvals were obtained from the Securities Commission (SC), the SC on behalf of the Foreign Investment Committee, Ministry of International Trade and Industry and the shareholders of PPB as well as FFM for the proposed privatization of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965.
- On 24 May 2004, an application was filed with the High Court of Malaya Kuala Lumpur for sanction of the scheme.
- (e) On 7 May 2004, PGEO Group Sdn Bhd ("PGSB"), a 100% owned indirect subsidiary of the Company, entered into a Joint Venture Agreement ("JVA") with KOG Investments Pte Ltd, Singapore ("KOGI") to invest in a joint venture company known as KOG Edible Oils BV ("KOGEO"). KOGEO intends to construct and operate an edible oils and fats processing facility in Rotterdam, Netherlands.

KOGI is a wholly-owned subsidiary of Kuok Oils & Grains Pte Ltd, Singapore in which the Group has a 28% equity interest.

Pursuant to the JVA, KOGI and PGSB will subscribe for Euro 7.8 million and Euro 4.2 million, representing 65% and 35% of the paid up share capital of KOGEO; respectively.

The Joint Venture is pending approvals from the relevant authorities.

B9. Group borrowings

Total Group borrowings as at 31 March 2004 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	900	-	900
Long term bank loans (USD)	96,737	-	96,737
Long term bank loans (SGD)	3,027	3,027	-
Hire purchase liabilities	1,768	1,768	-
Hire purchase liabilities (SGD)	43	43	-
Repayments due within the next 12 months	(7,304)	(1,214)	(6,090)
	<u>95,171</u>	<u>3,624</u>	<u>91,547</u>

Short term bank borrowings

Bills payable	328,574	-	328,574
Short term loans	63,290	-	63,290
Short term loans (USD)	18,990	-	18,990
Short term loans (Vietnamese Dong)	13,075	-	13,075
Current portion of long term loans	6,404	314	6,090
Hire purchase liabilities	900	900	-
	<u>431,233</u>	<u>1,214</u>	<u>430,019</u>
Bank overdrafts	10,143	-	10,143
Bank overdrafts (SGD)	1,748	-	1,748
	<u>443,124</u>	<u>1,214</u>	<u>441,910</u>

B10. Off Balance Sheet Financial InstrumentsForeign 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 22 May 2004, the Group has hedged outstanding foreign currency contracts of USD182.808 million equivalent to RM697.354 million. These contracts are short term and majority are due to mature within the next five 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 22 May 2004, the Group's outstanding commodities futures sales contracts amounted to RM1.413 million and these outstanding contracts are due to mature within the next two and five months.

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 Plantations Sdn Bhd, to refer its claim of RM77.3 million for 2,176 hectares of land compulsorily acquired by the Sarawak State Government to the High court for settlement.

(b) The court hearing on the suit filed at the High Court of Sabah and Sarawak in Sandakan ("the Court") against the Sabah State Government challenging the alienation of land to two indirect subsidiary companies of PPB, Hibumas Sdn Bhd and Penumilek Sdn Bhd, who were named as the Second and Third Defendants respectively, was re-scheduled on 6 and 7 May 2004 instead of 1 November 2004 as previously reported. The said hearing has been completed and the Court will deliver its judgement in due course.

B12. Dividend

The Final Dividend for the financial year ended 31 December 2003 was approved by the shareholders at the 35th Annual General Meeting held on Friday, 14 May 2004.

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

Dividends Paid / Declared

Dividends paid and declared for financial year 2003 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
2003	Final dividend	5 sen tax exempt & 11 sen less 28% income tax	28 May 2004

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.

There is no diluted earnings per share as there were no dilutive potential ordinary shares.

Kuala Lumpur
28 May 2004

By Order of the Board
Tan Teong Boon
Company Secretary