

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



INVESTORUPDATE

2nd QUARTER REPORT 30 JUN 2004

CORPORATE INFORMATION

Board of Directors

Datuk Oh Siew Nam
Executive Chairman

Dato' Lim Chee Wah
Deputy Chairman

Tan Yew Jin
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 Gee Sooi
*Non-Independent Non-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

Datuk Oh Siew Nam

Secretary

Tan Teong Boon

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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

Moores 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

Segar Courts, is a low-density apartment project launched in July 2004.



FEATURE ARTICLE

PPB HARTABINA

PPB Hartabina Launches New Property Developments

PPB Hartabina Sdn Bhd (PPBH) which was incorporated in 1972 is a wholly-owned subsidiary of PPB Group Berhad. PPBH plays a key role in developing residential properties and commercial complexes at its primary landbank, Taman Segar, Cheras and the Group's commercial landbanks. It's core operations are:-

- Residential development
- Commercial development
- Property management

PPBH's latest developments include the **Segar Courts**, an apartment project at Taman Segar, Cheras; **The Whiteaways Arcade**, a historical conservation project in Georgetown, Penang and **Taman Aman**, a "country living" residential development in a gated community in Taman Aman, Prai, Province Wellesley.

Segar Courts

PPBH launched Segar Courts, a low-density apartment project in July 2004. Segar Courts apartments are strategically located in the centre of Cheras in Taman Segar where one has access to the Middle-Ring Road II Highway, KESAS Highway, Connaught link and Kajang by-pass whereas Kuala Lumpur City Centre is a 20-minute drive away. In addition, Dewan Bandaraya Kuala Lumpur has commenced work on the interchange fronting Cheras Leisuremall, which would further improve access. This interchange should be completed by the time Segar Courts is handed over to purchasers. With facilities like shopping complexes, cinemas, schools, colleges, hospitals and a recreational park nearby, the Segar Courts should benefit from higher returns and property value appreciation.



FEATURE ARTICLE

These exclusive apartments termed as "PGL" stands for "Private" "Gated" and "Limited". Segar Courts offering only 78 units is exceptionally private because of its low density, setting it apart from other development commonly available in the market. In addition, each home is carefully designed with only six units per floor, four of which are corner units.

Each unit has 3 bedrooms and 2 bathrooms with built-up sizes ranging from 969 sq. ft. to 1,173 sq. ft. Prices start from RM191,600 (inclusive of a car park) with a 5% discount for Bumiputra buyers. The apartments offer unrivalled community amenities, as within its compound are a guardhouse with an entrance barrier room, independent refuse collection centre, swimming pool and a children's playground. Within walking distance are a host of dining, entertainment and shopping options at the nearby Cheras Leisuremall.

The project is expected to generate a gross sales revenue of RM17.0 million on completion in mid-2007.



The Whiteaways Arcade

The Whiteaways Arcade is the response to a historical conservation project in Georgetown, Penang. The block of 10 double storey shophouses fronting Beach Street includes an open courtyard to the rear of the block with a small utilities block on Church Street at a right angle to the main row.

Built about 100 years ago in 1903, it housed many of the earliest mercantile establishments in this island port. The Whiteaways Arcade is set to achieve its glory days in this major restoration exercise to retain its original authenticity while upgrading its facilities, a move which dovetails with Penang state's vision of heritage development.

Upon completion in mid-2005, the project will have 32 new retail lots and 7 promotional kiosks for rental.

FEATURE ARTICLE

Taman Aman, Seberang Perai

Tanah Aman is an integrated country living lifestyle development in a gated community comprising an existing clubhouse complex, 48 bungalows, 24 semi-detached houses and a shop village for the convenience of the community.

Average lot sizes for the bungalows are 10,000 – 12,000 sq. ft. with built-up areas averaging 5,000 sq. ft. Lot sizes for the semi-detached houses are from 3,800 sq. ft. with a built-up area of 3,200 sq. ft. The sales launch is expected to be in early 2005 with total sales revenue projected at RM86.0 million.

This serene site filled with rich secondary trees and undergrowth provides a sanctuary of unrivalled calm and peace. The hill gives the ambience of homestead country living with its natural setting of trees and plants.

Site planning takes into consideration the terrain of the land and cut and fill is minimized to maximise the retention of existing trees to achieve the natural ambience and conservation of the environment.

Roadways, footpaths and buildings are repositioned to suit the hilly terrain to accommodate the majestic trees while new landscaping will be planted to further augment the landscape.

In addition to the conservation and efficient use of the site's existing resources, great care has also been taken in the design and construction of the utility services to ensure that they are concealed.

Taman Aman is a place that gives the true meaning of "LIVING WITH NATURE".



HAPPENINGS

GENERAL MEETINGS



35th Annual General Meeting And Extraordinary General Meeting

14 May 2004, PPB held its 35th Annual General Meeting (AGM) at Wisma Jerneh, Kuala Lumpur which was attended by 426 shareholders and proxies.

During the AGM, the shareholders were given an opportunity 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 2003 and other AGM matters. The shareholders also approved the renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

Immediately after the AGM, an Extraordinary General Meeting of PPB was held to approve the proposed privatization of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 and the increase in PPB's authorized share capital from RM500,000,000 to RM1,000,000,000. Both resolutions were unanimously passed.

Court Convened Meeting of FFM Berhad

PPB's subsidiary, FFM Berhad (FFM), held a Court Convened Meeting on 11 May 2004 at Wisma Jerneh, Kuala Lumpur to approve the proposed privatization of FFM by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 whereby PPB shall acquire the remaining shares in FFM not held by PPB via a share exchange on the basis of one new ordinary share of RM1.00 each in PPB plus cash of RM2.00 for every one FFM share.

Questions on the proposed privatization were dealt with by FFM's independent advisers, AmMerchant Bank Berhad and the lawyers for the exercise, Kadir Andri Aidham & Partners.

Voting on the proposed privatization was carried out by poll by the independent scrutineers, Messrs Moores Rowland and the resolution for the privatization of FFM was passed in favour of the proposed privatization.

PPB completed the privatization of FFM with the listing of an additional 102,126,817 ordinary shares of RM1.00 each in PPB on 25 August 2004. FFM is now a wholly-owned subsidiary of PPB.

HAPPENINGS

JOINT VENTURE IN AN EDIBLE OILS REFINERY IN ROTTERDAM

PGEO Group Sdn Bhd (PGSB), a 100% indirect subsidiary of PPB, entered into a joint venture agreement with KOG Investments Pte Ltd, Singapore (KOGI) on 7 May 2004 to construct and operate an edible oils and fats processing facility in Rotterdam, Netherlands through a company known as KOG Edible Oils BV (KOGBV). KOGBV will have an eventual issued and paid-up share capital of Euro 12.0 million, of which PGSB will hold 35% equity interest equivalent to Euro 4.2 million, and the remainder will be held by KOGI. KOGI is a wholly-owned subsidiary of Kuok Oils and Grains Pte Ltd in which FFM Berhad has 28% equity interest.

The edible oils refinery and fractionation plant is expected to commence operations in mid-2005. It will have a processing capacity of about 300,000 MT per annum. The total capital investment for the project is estimated at Euro 27.7 million.

Europe is the second largest palm oil importer in the world and one of the major importers of refined palm products from Malaysia. As the principal activities of the PGSB group of companies are processing, trading and marketing of edible oils and related products, PGSB's participation in the establishment of an edible oils processing facility in the Netherlands will enable it to strengthen its presence and engage more actively in the growing European market for palm products.

PROPOSED ACQUISITION OF 43.35% INTEREST IN KERRY-GLORY FLOUR MILLS CO. LTD, THAILAND

Buxton Limited, a wholly-owned indirect subsidiary of PPB Group Berhad had on 9 June 2004 entered into a Shares Sale Agreement with Rednor Co. Limited and Kerry-Glory Holding Co. Ltd. to acquire from them 43.35% equity interest in Kerry-Glory Flour Mills Co. Ltd (KFM) for a total cash consideration of Baht 329,454,414 equivalent to RM30.715 million.

KFM is principally involved in wheat flour milling and distribution. It owns a 250 mt/day wheat mill and 14 silos with a storage capacity of 24,000 mt. The mill complex is located on a 1.65 hectare land in Samutprakarn, Thailand which is about 30 km from Bangkok.

FFM Group is one of the largest flour millers in Malaysia supplying more than 40% of the country's wheat flour requirements. FFM's milling complexes are strategically located in South Port, Port Klang; Pasir Gudang, Johor Bahru; Pulau Indah, Port Klang; Kuching, Sarawak and Vietnam with a total milling capacity of 2,430 mt per day.

The acquisition of KFM would enable FFM Group to expand its wheat flour milling activity into Thailand through a company which has a ready market of existing clientele. Furthermore, it enables FFM Group to enjoy the benefits in bulk purchasing of raw materials as well as synergies in freight arrangements of wheat shipment in the ASEAN region where the Group principally operates and to enhance FFM Group's operational efficiencies in the wheat flour milling business as a result of economies of scale.

HAPPENINGS

PENANG CHIEF MINISTER OFFICIALLY LAUNCHES GSC, GURNEY PLAZA

On 17 June 2004, a 12-hall screening of Jackie Chan's latest movie "Around the World in 80 Days" organized by the Alumni Convent Light Street (ACL) in aid of the school marked the official opening of Golden Screen Cinemas' (GSC) latest cineplex in the north.

Guest of honour for the screening was Chief Minister of Penang, YAB Tan Sri Dr Koh Tsu Koon, and accompanying him was GSC's Chief Executive, Ms Koh Mei Lee, GSC's General Manager, Mr Irving Chee, Gurney Plaza's Director, Mr Puah Choon Meng and the President of Alumni Convent Light Street, Datuk Ng Poh Tip.



Opened for business on 15 January 2004, GSC Gurney Plaza is GSC's second flagship cinema after the 18-screen GSC Mid Valley Megamall in Kuala Lumpur. As the newest and 16th cinema under the chain, GSC Gurney Plaza is the first cineplex in the north with THX-certified halls, a 80-seater Premiere Class hall and an International Screen hall to cater to the discerning needs of movie fans. With a total of 1,833 seats and the state-of-the-art sound systems, Penangites will now have a wider selection of the latest blockbusters, art house films and other leisure offerings at GSC Gurney Plaza.

Golden Screen Cinemas Sdn Bhd, a 54.2% subsidiary of the PPB Group, is the leading film exhibitor and distributor in Malaysia. GSC has the largest nationwide circuit with 86 screens in 16 locations which include Klang Valley, Sungei Petani, Bukit Mertajam, Ipoh, Seremban, Melaka, Batu Pahat, Johor Bahru, Kuantan, Kota Kinabalu and now, GSC Gurney Plaza, Penang. Besides movies, GSC halls also cater for events like gala premieres, press conferences, product launches and seminars. GSC cinemas provide theatre style seating with facilities such as wide screen projection and LCD projector for audio-visual presentation for event organizers.

SHARE ANALYSIS

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 2ND Q 2004

2ND Q 2004 1ST Q 2004 % change

PPB share price

Closing price (high)	7.70	7.95	-3.14%
Closing price (low)	6.20	6.45	-3.88%
Month end closing price	6.50	7.80	-16.67%
Weighted share price	6.94	7.39	-6.11%
Market capitalization (RM' million)	3,189.05	3,826.86	-16.67%

PPB share volume

Daily volume (high)	766,500	2,307,500	-66.78%
Daily volume (low)	10,000	36,900	-72.90%
Average daily volume	261,206	349,595	-25.28%

Kuala Lumpur Composite Index (KLCI) share price

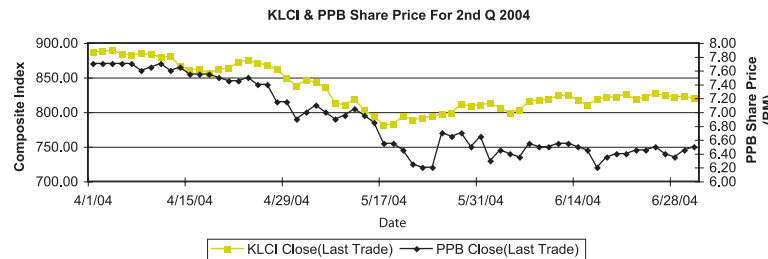
KLCI closing (high)	889.60	908.96	-2.13%
KLCI closing (low)	781.05	787.29	-0.79%
KLCI month end closing	819.86	901.85	-9.09%

Kuala Lumpur Composite Index (KLCI) share volume

Daily Volume (high)	131,050,896	265,590,896	-50.66%
Daily Volume (low)	29,680,500	25,085,200	18.32%
Average Daily Volume	67,173,362	109,931,252	-38.90%

Interest in Bursa Malaysia fizzled out in the 2nd Quarter after a bright start to the year. Investors remain cautious of the external concerns from rising interest rates in the US, credit tightening policies in China, renewed fears of SARS to escalating prices of crude oil. The KLCI closed 81.99 points lower at 819.86 on 30 June 2004, compared with 901.85 points on 31 March 2004.

In line with the KLCI's performance, PPB share price closed lower at RM6.50 on the last trading day of the quarter compared with RM7.80 in the preceding quarter. Market capitalization of PPB share was RM3.189 billion and its daily average volume decreased by 25.28% to 261,206 shares.



FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

Financial period ended (All figures in RM million)	30.6.04 Unaudited	6 months 30.6.03 Unaudited	Change %	12 months 31.12.03 Audited
Income Statements				
Revenue	5,396.528	4,252.082	26.91%	9,319.768
Profit from operations	275.652	287.264	-4.04%	554.572
Profit before tax	332.422	329.542	0.87%	707.360
Net profit for the year	171.176	168.681	1.48%	371.253
Balance Sheets				
Current assets				
Inventories	957.860	606.474	57.94%	810.429
Trade receivables	520.942	357.200	45.84%	423.760
Cash, bank balances and deposits	708.546	616.992	14.84%	724.579
Others	415.901	314.718	32.15%	331.185
Total current assets	2,603.249	1,895.384	37.35%	2,289.953
Current liabilities				
Trade payables	288.617	203.052	42.14%	296.295
Short term bank borrowings	563.770	311.926	80.74%	390.942
Others	320.714	239.418	33.96%	292.583
Total current liabilities	1,173.101	754.396	55.50%	979.820
Non-current assets				
Property, plant and equipment	2,496.003	2,472.490	0.95%	2,478.584
Associates	539.484	707.046	-23.70%	535.668
Jointly controlled entities	38.809	0.315	>100%	27.547
Other investments	407.024	239.780	69.75%	412.098
Goodwill	36.087	36.018	0.19%	34.779
Others	25.965	21.436	21.13%	24.129
Total non-current assets	3,543.372	3,477.085	1.91%	3,512.805
Non-current and deferred liabilities				
Long term bank borrowings	109.769	80.434	36.47%	83.877
Others	273.202	279.987	-2.42%	268.313
Total non-current and deferred liabilities	382.971	360.421	6.26%	352.190
Minority interest	1,509.970	1,412.969	6.87%	1,482.721
Share capital	490.623	490.623	0.00%	490.623
Reserves	2,589.956	2,354.060	10.02%	2,497.404
Shareholders' funds	3,080.579	2,844.683	8.29%	2,988.027
Ratios				
Return on net assets (%)	6.70	7.17		14.71
Return on equity (%)	5.56	5.93		12.42
Earnings per share (sen)	34.89	34.38	1.48%	75.67
Profits before tax over revenue (%)	6.16	7.75		7.59
Interest coverage (times)	41.64	53.28	-21.85%	62.60
Current ratio (times)	2.22	2.51	-11.55%	2.34
Debt/Equity (%)	3.56	2.83		2.81
Net tangible assets per share (RM)	6.21	5.72	8.57%	6.02
Net dividend per share (sen)	12.92	7.60	70.00%	20.52
Stock Market Information				
Share price (RM)	6.50	4.62	40.69%	6.55
Market capitalisation (RM million)	3,189.05	2,266.68	40.69%	3,213.58
PE ratio (annualised) (times)	9.31	6.72	38.54%	8.66

PRESS RELEASE

PPB Group Berhad's Financial Results For The Half Year Ended 30.06.2004

Kuala Lumpur, 25 August 2004 – PPB Group Berhad achieved an unaudited pre-tax profit of RM332.4 million for the first half year of 2004 which was marginally higher than the RM329.5 million recorded for the same period last year.

In a statement to the Bursa Malaysia Securities Berhad this evening, the Company said that the increase in profit for the first half year was mainly attributable to higher contributions from associated companies in the first quarter of the year and the better performance of the property development division and edible oils refining and trading operations.

Revenue rose by 27.1% to RM5.40 billion from RM4.25 billion mainly due to the higher selling prices of palm oil and related products as well as increased crop production.

Net earnings grew by 1.5% to RM171.2 million from RM168.7 million representing an earnings per share of 34.89 sen compared with 34.38 sen for the first half year of last year. Annualised, this would translate to a price-earning ratio of 9.31 at PPB's closing share price of RM6.50 as at 30 June 2004.

Balance Sheets

The Group's balance sheets continue to strengthen with shareholders' funds growing to RM3.08 billion as at 30.6.2004 from RM2.99 billion in December 2003 and net tangible assets per share appreciating to RM6.21 from RM6.02. Strong cash flows from operations contributed to the Group's financial resilience as reflected by its liquid funds and net cash position, which as at 30 June 2004 stood at RM708.5 million and RM35.0 million respectively.

Dividends

An interim dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less tax was declared for the financial year ending 31 December 2004 on the enlarged share capital of RM592,749,941 following the privatization of FFM. The interim dividend is payable on Monday, 27 September 2004.

Review of Results

Other highlights of the Group's operating profit for the period under review are as follows :-

- Profits from the sugar and grains trading, flour and feed milling operations were lower due to higher raw material prices.
- Edible oils refining and trading operations registered a 14.4% increase in profits at RM44.7 million on the back of higher revenue of RM4.18 billion due to higher prices of processed palm oil and related products.
- Profits from oil palm plantation operations were marginally lower despite higher crop production and better palm product prices due to the translation loss of USD loans recorded by the Indonesian subsidiary companies arising from the weakening Indonesian Rupiah. FFB production improved by 5.9% to 513,685 tonnes compared with the first half of last year.

PRESS RELEASE

- Waste management and water utilities division recorded higher profits mainly due to increased contributions from its associated companies Konsortium Abass and Worldwide Landfills.
- Property division achieved an operating profit of RM18.0 million compared with RM13.7 million mainly due to the completion of the Bukit Segar Phase 11 residential homes which were handed over to purchasers in April 2004.
- Higher collections from cinema operations with the release of strong blockbuster films together with the continuous clampdown on piracy by the government contributed to the better performance of the Film Exhibition and Distribution division.

Corporate Developments and New Investments

PPB has completed the privatization of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 and as a result, an additional 102,126,817 ordinary shares of RM1.00 each in PPB were listed on Bursa Malaysia on 25 August 2004 thereby increasing PPB's issued share capital from RM490,623,124 to RM592,749,941. FFM is now a wholly-owned subsidiary of PPB Group Berhad.

During the period under review, PPB's 100% indirect subsidiary, PGEO Group Sdn Bhd (PGSB), entered into a joint venture with KOG Investments Pte Ltd, Singapore to construct and operate an edible oils and fats processing facility in Rotterdam, Netherlands through a joint venture company known as "KOG Edible Oils BV" in which PGSB has 35% equity interest. The plant will have a processing capacity of about 300,000 MT per annum and is scheduled to commence operations in mid-2005. This joint venture will enable PPB Group to strengthen its presence and engage actively in the growing European market for palm products.

On 9 July 2004, PPB Group expanded its flour milling business to Thailand through the acquisition of 43.35% equity interest in Kerry-Glory Flour Mills Co. Ltd (KFM) which owns a wheat mill and 14 silos with a storage capacity of 24,000 mt. The acquisition of KFM enables FFM Group to expand its wheat flour milling activity into Thailand through a company which has a ready market of existing clientele for its flour products.

Prospects for the year

Commenting on the prospects for year 2004, Datuk Oh Siew Nam, the Executive Chairman of PPB Group Bhd said "Assuming the current crude palm oil prices prevail, profit contribution from the oil palm division is expected to be higher than that of the previous year with higher crop production. Though the prices of raw materials for the grains trading, flour and feed milling division have softened, the raw sugar cost and ocean freight rates remain high. In spite of this and the uncertainties in the world edible oils price movements, we expect the Group performance for the year to be comparable to that of 2003."

QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS ended 30 June 2004

(The figures have not been audited)

	3 months ended		6 months ended	
	30 JUNE		30 JUNE	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Revenue	2,818,492	2,130,314	5,396,528	4,252,082
Operating expenses	(2,690,528)	(1,992,177)	(5,136,608)	(3,989,080)
Other operating income	6,599	14,041	15,732	24,262
Profit from operations	134,563	152,178	275,652	287,264
Net profit from investing activities	13,086	2,810	20,237	6,125
Share of associated companies' profits less losses	4,736	19,559	44,713	42,457
Finance costs	(4,496)	(3,436)	(8,180)	(6,304)
Profit before taxation	147,889	171,111	332,422	329,542
Taxation	(42,585)	(43,841)	(85,964)	(86,211)
Profit after taxation	105,304	127,270	246,458	243,331
Minority interest	(32,033)	(41,570)	(75,282)	(74,650)
Net profit for the period	73,271	85,700	171,176	168,681

Earnings per share (sen) :-

(a) Basic (based on 490,623,124 ordinary shares)	14.93	17.47	34.89	34.38
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	-	34.35

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS as at 30 June 2004

	As at 30 JUN 2004 RM'000 (Unaudited)	As at 31 DEC 2003 RM'000 (Audited)
Property, plant and equipment	2,496,003	2,478,584
Land held for development	17,476	16,679
Investment in associated companies	539,484	535,668
Investment in jointly controlled entities	38,809	27,547
Long term investments	407,024	412,098
Goodwill on consolidation	36,087	34,779
Deferred tax assets	8,489	7,450
Current Assets		
Inventories	957,860	810,429
Land under development	16,172	34,439
Receivables	920,671	720,506
Cash, bank balances and deposits	708,546	724,579
	<u>2,603,249</u>	<u>2,289,953</u>
Current Liabilities		
Payables	585,061	562,902
Short term borrowings	563,770	390,942
Taxation	24,270	25,976
	<u>1,173,101</u>	<u>979,820</u>
Net Current Assets	<u>1,430,148</u>	<u>1,310,133</u>
	<u>4,973,520</u>	<u>4,822,938</u>
Financed by :		
Share Capital	490,623	490,623
Reserves	2,589,956	2,497,404
Shareholders' equity	<u>3,080,579</u>	<u>2,988,027</u>
Minority interest	1,509,970	1,482,721
Long term borrowings	109,769	83,877
Reserve on consolidation	12,112	12,233
Deferred tax liabilities	261,090	256,080
	<u>4,973,520</u>	<u>4,822,938</u>
Net tangible assets per share (sen)	621	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 30 June 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
6 months ended 30 June 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	-	-	-	(9,975)	(5,260)	(15,235)	-	(15,235)
Net profit for the period	-	-	-	-	-	-	171,176	171,176
Transfer of reserves	-	-	(740)	-	5	(735)	735	-
Dividend paid	-	-	-	-	-	-	(63,389)	(63,389)
At 30 June 2004	490,623	21,128	87,614	26,783	138,775	253,172	2,315,656	3,080,579

6 months ended 30 June 2003

At 1 January 2003	490,623	21,128	133,300	31,997	140,391	305,688	2,009,414	2,826,853
- 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)	(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 period	-	-	-	-	-	-	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 2003.)

QUARTERLY REPORT

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS ended 30 June 2004

	6 months ended 30 June	
	2004 RM'000	2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	332,422	329,542
Adjustments :-		
Non-cash items	36,575	26,953
Non-operating items	(10,072)	(2,571)
Operating profit before working capital changes	358,925	353,924
Working capital changes		
Net change in current assets	(263,734)	197,741
Net change in current liabilities	21,693	(138,590)
Cash generated from operations	116,884	413,075
Tax paid	(65,953)	(40,889)
Net cash generated from operating activities	50,931	372,186
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(107,209)	(71,889)
Proceeds from disposal of property, plant and equipment	7,330	3,208
Investment in subsidiary companies	(3,416)	(11,602)
Investment in associated companies	(9,327)	(2,500)
Investment in jointly controlled entities	(11,262)	-
(Advances to)/repayment from associated companies	(67,912)	3,089
Dividend received from investments	23,609	13,564
Interest received	7,628	6,898
Other investing activities	8,059	(1,725)
Net cash used in investing activities	(152,500)	(60,957)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	3,874	7,598
Bank borrowings	189,577	(68,548)
Interest paid	(8,038)	(7,178)
Dividends paid	(104,711)	(99,448)
Other financing activities	(363)	(907)
Net cash generated/(used in) financing activities	80,339	(168,483)
Net (decrease)/increase in cash and cash equivalents	(21,230)	142,746
Cash and cash equivalents at 1 January	715,636	466,410
Effect of exchange rate changes	3,106	(301)
Cash and cash equivalents at 30 June	697,512	608,855

(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 ("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 in which the cropping pattern declines to a trough in the first half of the year and rises to a peak in the second half, and this is reflected accordingly in the production from the Group's plantations and mills.

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.

A8. Segmental reporting**Segmental information in respect of the Group's business segments for the period ended 30 June 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	369,011	389,037	4,109,754	68,094	27,651	49,706	78,836	51,455	56,923	196,061	-	5,396,528
Inter-Segment sales	-	24,891	65,533	182,973	4,233	7,934	-	-	511	27,668	(313,743)	-
Total revenue	<u>369,011</u>	<u>413,928</u>	<u>4,175,287</u>	<u>251,067</u>	<u>31,884</u>	<u>57,640</u>	<u>78,836</u>	<u>51,455</u>	<u>57,434</u>	<u>223,729</u>	<u>(313,743)</u>	<u>5,396,528</u>
RESULT												
Segment operating results	78,425	36,237	44,674	78,623	1,225	4,684	850	5,797	18,046	12,183	(91)	280,653
Unallocated corporate expense												(5,001)
Profit from operations												<u>275,652</u>
Investing activities												20,237
Finance costs												(8,180)
Share of associated companies' profits less losses	(5,658)	-	29,089	1,081	-	-	11,259	-	2,050	6,892	-	44,713
Profit before taxation												<u>332,422</u>

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 2004

	6 months ended 30-Jun-2004
<u>Dividends paid on ordinary shares</u>	RM'000
2003 Final dividend - 5 sen tax exempt & 11 sen less 28% income tax	<u>63,389</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 other than the allotment of 102,126,817 new ordinary shares of RM1.00 each in the Company on 17 August 2004 pursuant to the privatisation of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 which has increased the issued and paid-up capital of the Company from RM490,623,124 to RM592,749,941.

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 19 May 2004, PPB's 55.56% subsidiary, PPB Oil Palms Berhad completed the acquisition of 100% equity interest in Alam Palm Plantations Sdn Bhd ("APP") for a cash consideration of RM2. APP has not commenced operations and is intended to be used to explore investment opportunities in the palm oil industry.
- (b) Pursuant to the Joint Venture Agreement entered into between PGEO Group Sdn Bhd ("PGSB"), a 100% owned indirect subsidiary of the Company, and KOG Investments Pte Ltd, Singapore ("KOGI") to invest in KOG Edible Oils BV ("KOGEO") for the construction and operation of an edible oils and fats processing facility in Rotterdam, Netherlands, PGSB and KOGI will subscribe for Euro 4.2 million and Euro 7.8 million representing 35% and 65% of the paid-up share capital of KOGEO, respectively.
- On 30 June 2004, allotments of 13,300 and 24,700 shares were made to PGSB and KOGI equivalent to Euro 1.33 million and Euro 2.47 million respectively.
- (c) Buxton Ltd, a 100% owned indirect subsidiary of the Company had on 9 June 2004 entered into an agreement to acquire a 43.35% equity interest in Kerry-Glory Flour Mills Co.Ltd., Thailand ("KGFM") for a cash consideration of Baht 329,454,414. The acquisition was completed on 9 July 2004. KGFM is principally engaged in wheat flour milling and its distribution.

A12. Changes in contingent liabilities or contingent assets

The bank guarantees issued in consideration of credit facilities granted to associated companies have increased by RM8 million and the total contingent liabilities as at 30 June 2004 amounted to RM23.8 million.

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 RM5.397 billion for the six months ended 30 June 2004 was 27% higher compared with RM4.252 billion for the previous year mainly due to higher selling prices for palm oil and its related products and increased crop production.

The Group achieved a profit before tax of RM332 million which was marginally higher compared with the corresponding period last year. The increase in profit before tax was mainly attributable to higher contributions from associated companies in the first quarter of the year and better performance of the property development division and edible oils refining and trading 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 RM148 million was 20% lower compared with RM185 million for the preceding quarter. Despite higher crop production and better palm product prices, profits from the plantation operations for the current quarter were marginally lower than the immediate preceding quarter mainly due to translation loss of USD loans recorded by the Indonesian subsidiary companies. Profit contributions from sugar, grains trading, flour and feed milling divisions were also lower due to higher raw material prices and freight rates. Contributions from associated companies were also lower mainly due to difficult trading conditions.

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. Prices of raw materials for the grains trading, flour and feed milling divisions have softened, but ocean freight and raw sugar costs remain at a high level. In spite of this and the uncertainties in the world edible oils price movements, it is envisaged that Group operating profit for year 2004 will be comparable to that of 2003. However contributions from associated companies will be lower as Malaysian Bulk Carriers Bhd has ceased to be an associated company as a result of its listing in December 2003.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

	Individual Quarter 3 months ended 30-Jun-2004 RM'000	Cumulative Quarter 6 months ended 30-Jun-2004 RM'000
Taxation comprises:-		
Malaysian taxation based on profit for the period:-		
Current	33,512	70,512
Deferred	5,565	7,801
Share of taxation of associated companies	3,619	4,009
	<hr/>	<hr/>
	42,696	82,322
Foreign taxation		
Current	(660)	427
Deferred	(683)	(922)
Share of taxation of associated companies	1,966	6,750
	<hr/>	<hr/>
	43,319	88,577
(Over)/under provision		
Current	(402)	(2)
Deferred	(332)	(2,611)
	<hr/>	<hr/>
	42,585	85,964

The effective tax rate is lower than the statutory rate mainly due to non-taxable income, lower tax rates in foreign jurisdiction and adjustment for overprovision of tax in the previous year.

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

There was no sale of unquoted investments. However, there was a profit on sale of properties amounting to RM 2.450 million for the current period 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 30-Jun-2004 RM'000	Cumulative Quarter 6 months ended 30-Jun-2004 RM'000
Total cost of purchases	56	64
Total proceeds from disposals	463	7,682
Profit on disposal	14	2,552

(b) Total investments in quoted securities as at 30 June 2004 are as follows:-

	RM'000
At cost	402,200
At book value	394,549
At market value	594,699

B8. Status of corporate proposals

- (a) Reefton 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 Final Meeting was held on 22 June 2004 and the liquidation is expected to be completed by end-September 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, a 66.6% indirect subsidiary of the Company, was placed under Members' Voluntary Winding-up on 17 December 2003. The liquidation is still in progress.
- (d) The High Court of Malaya has on 9 July 2004 sanctioned the proposed privatisation of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act 1965. The privatisation exercise has been completed on 25 August 2004 and FFM Berhad is now a wholly-owned subsidiary of PPB Group.

B9. Group borrowings

Total Group borrowings as at 30 June 2004 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	11,150	-	11,150
Long term bank loans (USD)	101,422	-	101,422
Long term bank loans (SGD)	2,903	2,903	-
Hire purchase liabilities	1,739	1,739	-
Hire purchase liabilities (SGD)	22	22	-
Repayments due within the next 12 months	(7,467)	(1,327)	(6,140)
	<u>109,769</u>	<u>3,337</u>	<u>106,432</u>
Short term bank borrowings			
Bills payable	391,972	1,631	390,341
Short term loans	60,700	-	60,700
Short term loans (USD)	76,002	19,003	56,999
Short term loans (Vietnamese Dong)	16,595	-	16,595
Current portion of long term loans	6,437	297	6,140
Hire purchase liabilities	1,030	1,030	-
	<u>552,736</u>	<u>21,961</u>	<u>530,775</u>
Bank overdrafts	9,235	1,196	8,039
Bank overdrafts (SGD)	1,799	1,799	-
	<u>563,770</u>	<u>24,956</u>	<u>538,814</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 19 August 2004, the Group has hedged outstanding foreign currency contracts of USD147.641 million equivalent to RM562.717 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 19 August 2004, the Group's outstanding commodities futures sales contracts amounted to RM5.911 million and these outstanding contracts are due to mature within the next two and four months.

There is minimal credit risk because these contracts are entered into through the Bursa Malaysia Derivatives (formerly known as Malaysia Derivatives Exchange).

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

B11. Material litigation

- (a) The Department of Lands and Surveys in Bintulu had on 21 July 2004 notified that the claim made by PPB's 70% indirect subsidiary company, Suburmas Plantations Sdn Bhd, for RM77.3 million on 2,176 hectares of land compulsorily acquired by the Sarawak State Government had been filed at the High court, Bintulu. However the date of hearing has not been fixed.
- (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 Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2004 of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax (2003 : 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax) on the enlarged capital base of RM592,749,941 following the privatisation of FFM.

Dividend payment/entitlement date

Notice is hereby given that the interim dividend will be payable on Monday, 27 September 2004 to shareholders whose names appear in the Record of Depositors on Wednesday, 15 September 2004.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Wednesday, 15 September 2004 in respect of ordinary transfers,
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

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
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
2004	Interim dividend	5 sen tax exempt & 5 sen less 28% income tax	27 September 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.

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

Kuala Lumpur
25 August 2004

By Order of the Board
Tan Teong Boon
Company Secretary

ANNOUNCEMENTS

2004

24 may

PPB's 55% indirect subsidiary, Chemquest Overseas Limited (CQOL), subscribed for 100% of the registered capital of Beijing CQ Environmental Management Consultancy Services Co. Ltd (BEM). Pursuant to the subscription, BEM has become an indirect subsidiary of PPB. BEM which is currently dormant will provide consultancy services on business management and investments in China.

28 may

Release of the 1st Quarter Report for the period ended 31 March 2004.

28 may

Mr Ong Ie Cheong tendered his resignation as Executive Chairman of PPB and Datuk Oh Siew Nam has been appointed in his place effective 1 July 2004. Dato' Lim Chee Wah was redesignated as Deputy Chairman from Executive Director effective the same date.