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The background of the entire page is a blue-tinted photograph of a textile factory. It shows multiple rows of spinning spindles, which are large, cylindrical components used in the spinning process. The spindles are arranged in a perspective that recedes into the distance. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of depth and industrial scale. The overall color palette is monochromatic, dominated by various shades of blue and white.

INVESTORUPDATE

3rd QUARTER REPORT 30SEP2004

FEATURE ARTICLE

TEGO SDN BHD Polybags Manufacturing



Sending PP woven fabric for bag production

In the early days, paper and calico bags were used for packing sugar and flour. Paper and calico bags were expensive and not easily available. In the early 1970's, polyethylene and polypropylene woven fabrics and bags or more popularly known as "polybags" were introduced in the market by Tego Sdn Bhd (Tego). The polybags which have greater protection against moisture and vapours helped resolved the packaging problems of PPB Group's sugar and flour operations.

Today, Tego is a 79.9% subsidiary of PPB Group. Tego was incorporated in Malaysia on 4th March 1972 as a private limited company and officially commenced commercial production in March 1974. The company started with an authorized capital of RM3,000,000 and a paid-up capital of RM1,250,000. Presently its authorized and paid-up capital is RM20,000,000 and RM18,000,000 respectively.

Tego together with its three wholly-owned subsidiaries namely Tego Multifil Sdn Bhd, Tefel Packaging Industries Co. Ltd and Keen Trade Ltd are involved in the manufacturing and sale of polypropylene (PP) woven fabrics, PP woven bags, flexible intermediate bulk container (FIBC) and high tenacity polypropylene multifilament yarns.

FEATURE ARTICLE



Quality control staff at Twisting Section



Unloading raw materials

Tego's manufacturing facilities in Senawang, Negeri Sembilan and in Yangon, Burma employ approximately a total of 1,000 employees. Over the years, Tego has invested well above RM100 million in sophisticated equipment and machinery in order to maintain its high quality standard that it is reputed for. Complementing these equipments is a team of experienced workforce with strong technical capability. Tego Sdn Bhd is a ISO9001/2000 registered company and the ISO accreditation was accorded to its factory in Senawang since 1995.

Tego Group's product range includes:

- Circular PP Woven Bags
- Laminated PP Woven Bags (including circular inside lamination bag)
- Laminated / Non Laminated PP/PE Woven Fabric
- Flexible Intermediate Bulk Container (FIBC)
- Technical Fabric
- Multifilament Sewing Thread
- Fibrillated PP Sewing Thread
- Polyester Sewing Thread
- PP Webbing / Slings

The PP woven bags and FIBCs are supplied to customers from various industries like sugar, flour, feed meal, fertilizer, chemical and others which require bulk packaging.

FEATURE ARTICLE

FIBCs are for bulk goods weighing 1/2 ton to 2 tons. The company specialises in the non-contamination FIBCs used for packing products that are highly sensitive to contamination. For better quality control, almost all the materials used to manufacture FIBCs such as the fabrics, belts, tapes and sewing yarns are produced by Tego.

Tego has diversified into the supply of normal and technical fabrics. Normal fabrics are used for producing specialty bags, FIBCs and general industrial wraps.

As for technical woven fabrics, Tego is able to produce geotextiles for various geotechnical applications, windbreak and weedtex for agricultural applications. In addition, the company also supplies various technical woven fabrics which are laminated by the customers for industrial and agricultural applications. These fabrics are primarily a base reinforcement substrate for the final laminated product. The advantage of using the technical woven fabrics as the substrate is mainly for its strength, durability and lower cost. PP yarns are normally used for these woven fabrics as they are recyclable making it environmental friendly.

Tego's products are sold domestically and some exported to Australia, Japan, Singapore and Taiwan. As a custom manufacturer too, Tego partners with its customers in order to gain an in depth understanding of their specific requirements so that the customers' needs are met. Tego delivers not only quality products at competitive prices but also provide exceptional service through its dedicated staff.



In-House training on bag specifications



Bag forming machine for laminated PP bags

HAPPENINGS

ANALYST BRIEFING

PPB Group Berhad held its annual Analyst Briefing at Wisma Jerneh, Kuala Lumpur on 8 September 2004 which was well attended by analysts and fund managers from various local and foreign research houses and securities firms.

The Briefing began with slide presentations of the Group's financial results for the half year ended 30 June 2004 followed by updates of the latest developments of the Group's main activities. Thereafter, the Chairman together with the CEOs of the Group's principal subsidiaries dealt with numerous questions raised during the Q&A session.



Fresh Outlook For International Screens & Introduction Of Electronic Cinemas

Golden Screen Cinemas Sdn Bhd (GSC) launched its new International Screens' logo on 23 August 2004 to reflect a more up-to-date look in keeping with the discerning taste of the younger movie-goers.

The new GSC International Screens' logo features a group of five stars which is the declaration of the company's vision of screening movies of five star status. A figurine is seen reaching for the stars representing the actors' commitment to achieve the highest artistic success.

In conjunction with the launch of the new logo, GSC also introduced eCinema (Electronic Cinema) which is the extension of the GSC International Screens and is an alternative method of projection using High End LCD projector. This method is the First in the country.

GSC eCinema showcases foreign non-mainstream films, local mainstream and non-mainstream feature films, as well as, provides an avenue for local short films to be shown in commercial cinemas. This provides an opportunity for local producers and directors to produce films in their preferred formats for screening in the cinemas.

GSC eCinemas are located exclusively at GSC Mid Valley in Kuala Lumpur and GSC Gurney Plaza in Penang and there are plans for expansion to other GSC locations in the near future.



Launching of the new International Screens' logo



Scene from "Nodding Scoop" directed by Ng Tien Hann from the movie "Visits : Hungry Ghost Anthology"

HAPPENINGS



A ghostly moment in "Waiting For Them"



Producers, directors and cast of
"Visits : Hungry Ghost Anthology"



"1314", a love triangle directed by Low Ngai Yuen

In celebrating the two launches, GSC in association with Red Communication screened a movie, "Visits : Hungry Ghost Anthology", which is captured on digital video and is the first local Chinese ghost story feature film.

"Visits : Hungry Ghost Anthology" is a culmination of four ghost stories directed by Low Ngai Yuen, James Lee, Ng Tian Hann and Ho YuHang and produced by Lina Tan of Red Films. The film was released simultaneously at both GSC Mid Valley and GSC Gurney Plaza on 26 August 2004.

When GSC first started its GSC International Screens five years ago in 1999, its main objective was to cater to the ever growing sophistication of film audience by providing an alternative programming in the form of award winning non-mainstream films in all languages. The GSC International Screens have gone a long way since its first four films – "Not One Less", "The Red Violin", "Three Seasons" and "Next Stop Wonderland". With this new logo "Reaching for the Stars" and the introduction of GSC eCinema, GSC looks forward to continuing its tradition of bringing quality films to its audience.

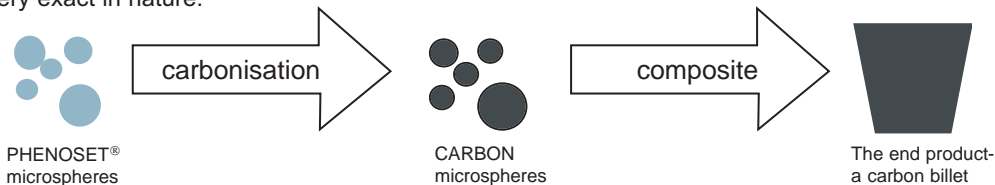
HAPPENINGS

ASIA PACIFIC MICROSPHERES

Introduction Of A Special Grade Phenoset® Microspheres

Asia Pacific Microspheres Sdn Bhd (APM), a 100% indirect subsidiary of PPB Group, secured a major order to supply a special grade of Phenoset® microspheres to a customer in USA after nearly four years of product development to meet the very exact specifications as required by the customer for a proprietary application. This sale of 50,800 kg of product is valued at RM14.3 million.

The development of this special grade began with a visit to the customer's manufacturing site in USA in 1996 when they explored the possibility of using APM's standard grades for conversion into carbon microspheres, which will then be made into carbon billets. The end application is proprietary and is very exact in nature.



APM's standard microspheres are usually used as they are, as a filler in a matrix with the base resin. Being chemically inert, they are invariably not subject to further processing. This new application whereby the microspheres are subject to a carbonisation process poses challenges for APM's standard product.

As the customer's project was still in its infancy then, APM continued to communicate with them as they developed their technology on the carbonisation process using APM's standard grades. In 2000, they were ready to move ahead with APM on their project. However, they found that APM's standard product could not produce the desired properties of their final product. Hence they requested that APM develop a new grade with very stringent and narrow specifications in order to meet their requirements. This was the cue for APM's R&D team to spring into action!

Most of the development work was carried out using the Production Minor (small-scale spray dryer) at the Research & Development Laboratory. A new parameter, the tap density was introduced as the key measurement for the product.

The product was approved in June 2004 and production began in August 2004. First delivery to the customer was made in November 2004.

APM is the only producer of phenolic microspheres in the world. These products are used for specialty applications in the aerospace, automobile, marine, defence, electronic, coating and adhesive sectors. APM also produces contact adhesive resins which are sold domestically as well as exported to North America, South America, Europe and the Asia Pacific region.

SHARE ANALYSIS

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 3RD Q 2004

3RD Q 2004 2ND Q 2004 %change

PPB share price

Closing price (high)	6.65	7.70	-13.64%
Closing price (low)	6.10	6.20	-1.61%
Month end closing price	6.55	6.50	0.77%
Weighted share price	6.40	6.94	-7.72%
Market capitalization (RM' million)	3,213.58	3,189.05	0.77%

PPB share volume

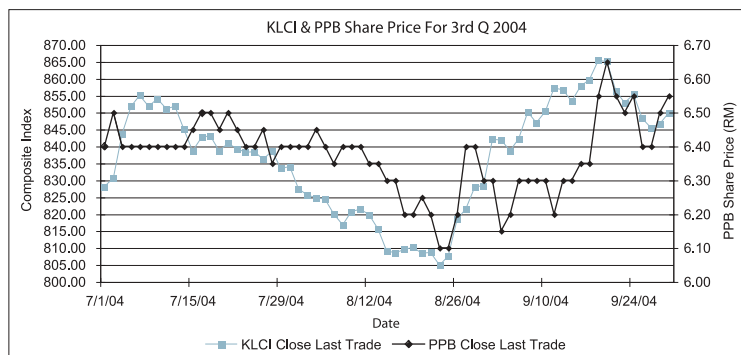
Daily volume (high)	1,246,500	766,500	62.62%
Daily volume (low)	11,500	10,000	15.00%
Average daily volume	221,383	261,206	-15.25%

Kuala Lumpur Composite Index (KLCI) share price

KLCI closing (high)	865.34	889.60	-2.73%
KLCI closing (low)	804.89	781.05	3.05%
KLCI month end closing	849.96	819.86	3.67%

Kuala Lumpur Composite Index (KLCI) share volume

Daily Volume (high)	157,065,408	131,050,896	19.85%
Daily Volume (low)	28,031,000	29,680,500	-5.56%
Average Daily Volume	54,187,366	67,173,362	-19.33%



The KLCI closed 30.1 points higher at 849.96 in the 3rd Quarter, up 3.67% from the 2nd Quarter. Market sentiment was positive among local and foreign investors with the strong economic growth and corporate performance. Furthermore, the release of ex-Deputy Prime Minister, Datuk Seri Anwar Ibrahim, boosted the confidence of the foreign investors in the country's judicial system. Malaysia's better-than expected 8% growth in GDP for the 2nd Quarter and encouraging measures in the 2005 Budget to strengthen the local capital market and further reduce the budget deficit contributed to the market's improved performance in the 3rd Quarter. The UMNO elections which was held end of the 3rd Quarter drove market momentum to a high of 865.34 points prior to the annual assembly.

Pursuant to the Privatisation of FFM Berhad, an additional 102,126,817 new PPB shares were listed and quoted on Bursa Malaysia on 25 August 2004 and on the same date, PPB share price closed at RM6.10. On the last trading day of the 3rd Quarter, PPB share price closed marginally higher at RM6.55 compared with RM6.50 in the 2nd Quarter and market capitalization of PPB shares increased to RM3.213 billion from RM3.189 billion.

FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

Financial period ended (All figures in RM million)	9 months 30.9.04 Unaudited	9 months 30.9.03 Unaudited	Change %	12 months 31.12.03 Audited
INCOME STATEMENT				
Revenue	8,316.166	6,750.560	23.19%	9,319.768
Profit from operations	447.417	437.858	2.18%	554.572
Profit before tax	526.496	526.227	0.05%	707.360
Net profit for the year	268.097	271.529	-1.26%	371.253
BALANCE SHEET				
<i>Current assets</i>				
Inventories	797.506	659.381	20.95%	810.429
Trade receivables	598.087	394.751	51.51%	423.760
Cash, bank balances and deposits	665.444	643.465	3.42%	724.579
Others	349.901	317.755	10.12%	333.582
Total current assets	2,410.938	2,015.352	19.63%	2,292.350
<i>Current liabilities</i>				
Trade payables	379.253	275.638	37.59%	296.295
Short term bank borrowings	471.226	268.884	75.25%	390.942
Others	276.096	286.423	-3.61%	294.980
Total current liabilities	1,126.575	830.945	35.58%	982.217
<i>Non-current assets</i>				
Property, plant and equipment	2,617.066	2,445.426	7.02%	2,478.584
Associates	571.913	744.173	-23.15%	535.668
Jointly controlled entities	38.809	0.315	>100%	27.547
Other investments	405.812	239.862	69.19%	412.098
Goodwill	35.455	37.512	-5.48%	34.779
Others	25.369	21.432	18.37%	24.129
Total non-current assets	3,694.424	3,488.720	5.90%	3,512.805
<i>Non-current and deferred liabilities</i>				
Long term bank borrowings	143.987	81.438	76.81%	83.877
Others	303.109	274.640	10.37%	268.313
Total non-current and deferred liabilities	447.096	356.078	25.56%	352.190
Minority interest	748.463	1,430.448	-47.68%	1,482.721
Share capital	592.750	490.623	20.82%	490.623
Reserves	3,190.478	2,395.978	33.16%	2,497.404
Shareholders' funds	3,783.228	2,886.601	31.06%	2,988.027
RATIOS				
Return on net assets	(%)	10.63	11.29	14.71
Return on equity	(%)	7.09	9.41	12.42
Earnings per share	(sen)	52.87	55.34	75.67
Profits before tax over revenue	(%)	6.33	7.80	7.59
Interest coverage	(times)	44.52	71.78	62.60
Current ratio	(times)	2.14	2.43	2.33
Debt/Equity	(%)	3.81	2.82	2.81
Net tangible assets per share	(RM)	6.32	5.81	6.02
Net dividend per share	(sen)	8.60	7.60	20.52
STOCK MARKET INFORMATION				
Share price	(RM)	6.55	5.30	6.55
Market capitalisation	(RM million)	3,882.51	2,600.30	3,213.58
PE ratio (annualised)	(times)	9.29	7.18	8.66

ANNOUNCEMENTS

3rd Quarter 2004

09 july

The High Court of Malaya sanctioned the privatization of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965.

28 july

Mr Tan Gee Sooi was appointed Non-Independent and Non-Executive Director of PPB.

13 august

Mr Michael Oh Aik Teong and Ms Koh Mei Lee resigned as Alternate Directors to Mr Ang Guan Seng and Mr Tan Yew Jin respectively on the Board of PPB.

23 august

Bursa Malaysia Securities Berhad granted the listing and quotation of PPB's additional 102,126,817 new ordinary shares issued pursuant to the Privatisation of FFM Berhad to be on 25 August 2004.

25 august

Mr Tan Yew Jin has been re-designated from a Non-Executive Director to Executive Director on the Board of PPB.

25 august

Release of the 2nd Quarter Report for the period ended 30 June 2004. An Interim Dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% tax was declared.

22 september

PPB's 100% indirect subsidiary, Leisure Bowl Centres Sdn Bhd, which ceased bowling operations since June 2003 undertakes members' voluntary liquidation.

PRESS RELEASE

PPB GROUP BERHAD'S FINANCIAL RESULTS for the 9 months ended 30 September 2004

Kuala Lumpur, 26 November 2004 - PPB Group Berhad today announced its financial performance for the 9 months ended 30 September 2004 with unaudited pre-tax profit maintained at RM526.5 million (2003 : RM526.2 million). The oil palm plantation division contributed significantly to the profits achieved for the period under review.

Revenue for the period ended 30 September 2004 grew by 23.2% to RM8.316 billion from RM6.751 billion principally due to higher palm product prices and production as well as an increase in the sales volume of edible oils. Profit attributable to shareholders is RM268.1 million equivalent to earnings per share of 52.87 sen.

Annualised, this would translate to a price-earnings ratio of 9.29 at PPB's share price of RM6.55 on 30 September 2004.

Balance Sheet

Arising from the privatization of FFM Berhad (FFM) to become a wholly-owned subsidiary of PPB, the Group's balance sheets grew stronger with shareholders' funds up 26.6% to RM3.783 billion. Net tangible assets per share appreciated to RM6.32 from RM6.02 and on the last trading day of September, PPB shares closed at a premium of 3.6% over its net tangible assets.

The cash position of the Group remains healthy at RM665.4 million. During the period under review, a total cash payment of RM204.3 million were made as part consideration for the privatization of FFM. With total borrowings of RM615.2 million, the Group enjoys a net cash position of RM50.2 million.

Dividends

A 2nd interim dividend of 10 sen per share less 28% income tax was declared for the financial year ending 31 December 2004 payable on Monday, 24 January 2005.

PRESS RELEASE

Review of Results

Other highlights of the Group's operating profit for the period ended 30 September 2004 compared with the same period last year are as follows :-

- Sugar, grains and feed milling operations faced higher raw material costs resulting in lower profit margins.
- Higher crop production and favourable palm product prices increased the oil palm plantation division's contribution by 21.9% to RM157.4 million. FFB production improved by 9.2% to 890,952 tonnes.
- Contribution from edible oils refining and trading operations improved by 8.24% to RM77.1 million whilst the associated companies recorded lower profits due mainly to difficult trading conditions.
- Waste management and water utilities division reported a profit of RM2.7 million against a loss of RM0.6 million on the back of revenue of RM116.7 million, up 53.4%.
- PPB Hartabina Sdn Bhd, the property arm of the Group, recorded a higher profit of RM22.3 million compared with RM21.2 million of the same period last year mainly from the Bukit Segar Phase II residential homes which were handed over to purchasers in April 2004.
- A stronger line-up of blockbuster films resulted in an increase in cinema admissions by 23% compared with the same period last year, improved profits from film exhibition and distribution operations by 27% to RM9.8 million.

Prospects for the year

On the prospects for the year 2004, Datuk Oh Siew Nam, Executive Chairman of PPB Group Berhad commented that "the Group's core businesses in sugar refining, grains trading, flour and feed milling divisions will continue to be affected by high raw material prices and ocean freight. Edible oils trading will contribute lower profits with the challenging trading conditions whilst the oil palm plantation division will maintain its good performance. The Group profit for 2004 will be comparable to that of 2003."

Datuk Oh also mentioned that "PPB Group is always looking into expanding businesses that are synergistic to its existing operations to yield maximum returns in investments".

QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS for the period ended 30 September 2004

(The figures have not been audited)

	Individual Quarter 3 months ended 30 SEPTEMBER		Cumulative Quarter 9 months ended 30 SEPTEMBER	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	2,919,638	2,498,478	8,316,166	6,750,560
Operating expenses	(2,750,027)	(2,355,230)	(7,886,635)	(6,344,310)
Other operating income	2,154	7,346	17,886	31,608
Profit from operations	171,765	150,594	447,417	437,858
Net profit from investing activities	14,783	8,264	35,020	14,389
Share of associated companies' profits less losses	11,445	38,958	56,158	81,415
Finance costs	(3,919)	(1,131)	(12,099)	(7,435)
Profit before taxation	194,074	196,685	526,496	526,227
Taxation	(54,240)	(44,152)	(140,204)	(130,363)
Profit after taxation	139,834	152,533	386,292	395,864
Minority interest	(42,913)	(49,685)	(118,195)	(124,335)
Net profit for the period	96,921	102,848	268,097	271,529
Earnings per share (sen) :-				
(a) Basic earnings per ordinary share	17.97	20.96	52.87	55.34
(b) Diluted earnings per ordinary share	-	20.92	-	55.27

(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 September 2004

	As at 30 SEP 2004 RM'000 (Unaudited)	As at 31 DEC 2003 RM'000 (Audited)
Property, plant and equipment	2,617,066	2,478,584
Land held for property development	17,528	16,679
Investment in associated companies	571,913	535,668
Investment in jointly controlled entities	38,809	27,547
Long term investments	405,812	412,098
Goodwill on consolidation	35,455	34,779
Deferred tax assets	7,841	7,450
Current Assets		
Inventories	797,506	810,429
Property development costs	19,095	32,910
Receivables	928,893	724,432
Cash, bank balances and deposits	665,444	724,579
	<u>2,410,938</u>	<u>2,292,350</u>
Current Liabilities		
Payables	626,630	565,299
Short term borrowings	471,226	390,942
Taxation	28,719	25,976
	<u>1,126,575</u>	<u>982,217</u>
Net Current Assets	<u>1,284,363</u>	<u>1,310,133</u>
	<u>4,978,787</u>	<u>4,822,938</u>
Financed by :		
Share Capital	592,750	490,623
Reserves	3,190,478	2,497,404
Shareholders' equity	<u>3,783,228</u>	<u>2,988,027</u>
Minority interest	748,463	1,482,721
Long term borrowings	143,987	83,877
Reserve on consolidation	22,783	12,233
Deferred tax liabilities	280,326	256,080
	<u>4,978,787</u>	<u>4,822,938</u>
Net tangible assets per share (sen)	632	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 for the period ended 30 September 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
<u>9 months ended</u>								
<u>30 September 2004</u>								
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	-	-	48,908	(10,056)	(5,266)	33,586	-	33,586
Net profit for the period	-	-	-	-	-	-	268,097	268,097
Transfer of reserves	-	-	(1,054)	-	20	(1,034)	1,034	-
Dividend paid	-	-	-	-	-	-	(114,368)	(114,368)
Issue of shares	102,127	507,570	-	-	-	-	-	609,697
Shares issue expenses	-	(1,811)	-	-	-	-	-	(1,811)
At 30 September 2004	<u>592,750</u>	<u>526,887</u>	<u>136,208</u>	<u>26,702</u>	<u>138,784</u>	<u>301,694</u>	<u>2,361,897</u>	<u>3,783,228</u>
<u>9 months ended</u>								
<u>30 September 2003</u>								
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	-	-	(45,684)	-	(247)	(45,931)	(78,124)	(124,055)
- As restated	<u>490,623</u>	<u>21,128</u>	<u>87,616</u>	<u>31,997</u>	<u>140,144</u>	<u>259,757</u>	<u>1,931,290</u>	<u>2,702,798</u>
Net (losses)/gains not recognised in the income statement	-	-	(528)	1,781	349	1,602	(1,016)	586
Net profit for the period	-	-	-	-	-	-	271,529	271,529
Transfer of reserves	-	-	(650)	-	134	(516)	516	-
Dividend paid	-	-	-	-	-	-	(88,312)	(88,312)
At 30 September 2003	<u>490,623</u>	<u>21,128</u>	<u>86,438</u>	<u>33,778</u>	<u>140,627</u>	<u>260,843</u>	<u>2,114,007</u>	<u>2,886,601</u>

(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 for the period ended 30 September 2004

	9 months ended 30 SEPTEMBER	
	2004 RM'000	2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	526,496	526,227
Adjustments :-		
Non-cash items	56,495	24,869
Non-operating items	(14,115)	(5,986)
Operating profit before working capital changes	568,876	545,110
Working capital changes		
Net change in current assets	(116,844)	110,171
Net change in current liabilities	58,650	(30,547)
Cash generated from operations	510,682	624,734
Tax paid	(105,440)	(75,895)
Net cash generated from operating activities	405,242	548,839
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(164,988)	(123,519)
Proceeds from disposal of property, plant and equipment	8,903	9,531
Investment in subsidiary companies	(209,201)	(30,772)
Investment in associated companies	(47,561)	(5,000)
Investment in jointly controlled entities	(11,262)	-
(Advances to)/repayment from associated companies	(62,402)	-
Dividend received from investments	29,885	17,683
Interest received	11,604	10,755
Other investing activities	23,401	(2,891)
Net cash used in investing activities	(421,621)	(124,213)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	5,109	15,876
Bank borrowings	133,238	(112,949)
Interest paid	(11,655)	(7,541)
Dividends paid	(170,692)	(152,722)
Other financing activities	(2,360)	-
Net cash generated/(used in) financing activities	(46,360)	(257,336)
Net (decrease)/increase in cash and cash equivalents	(62,739)	167,290
Cash and cash equivalents at 1 January	715,636	466,410
Effect of exchange rate changes	(519)	(952)
Cash and cash equivalents at 30 September	652,378	632,748

(The Condensed Consolidated Cash Flow Statement 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 September 2004 :

All figures in RM'000	Sugar refining and cane plantation	Grains trading, flour & feed milling	Edible oils refining & trading	Oil palm plantations
Information About Business Segments:				
REVENUE				
External Sales	557,212	605,470	6,333,492	112,747
Inter-Segment sales	-	38,375	95,098	314,671
Total revenue	<u>557,212</u>	<u>643,845</u>	<u>6,428,590</u>	<u>427,418</u>
RESULT				
Segment operating results	111,408	45,261	77,105	157,413
Unallocated corporate expense				
Profit from operations				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	(686)	2,851	22,856	1,771
Profit before taxation				

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) PPB's 55.56% subsidiary, PPB Oil Palms Berhad completed the acquisition of the following wholly-owned subsidiary companies, all of which are limited companies incorporated in the British Virgin Islands, for a total cash consideration of USD3,005 :-
 - (i) Trade Alpha Limited
 - (ii) Dexas Investments Limited
 - (iii) Rimkus Limited
 - (iv) Ferro Group Limited
 - (v) Fontille Overseas Ltd.

All the above subsidiary companies acquired are presently dormant.

- (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) Jasa Karya Sdn Bhd ("JKSB"), an indirect wholly-owned dormant subsidiary company, has been placed under Members' Voluntary Winding-up on 3 November 2004.
- (e) Leisure Bowl Centres Sdn Bhd, an indirect wholly-owned subsidiary company, has been placed under Members' Voluntary Winding-up on 22 September 2004.
- (f) Film Allied Services Sdn Bhd, an indirect wholly-owned subsidiary company, has been placed under Members' Voluntary Winding-up on 11 October 2004.

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 September 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 RM8.316 billion for the nine months ended 30 September 2004 was 23% higher compared with RM6.751 billion for the previous year mainly due to higher selling prices for palm oil and its related products, increased crop production, and higher sales volume of edible oils.

The Group has achieved a profit before tax of RM526 million which is similar with that of the corresponding period last year. Higher profit contributions from the oil palm plantation, shipping, waste management and utility divisions were off-set by the lower profits from grains trading, and flour and feed milling operations. The Group's other business operations have 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 RM194 million was 31% higher compared with RM148 million for the preceding quarter. Profits from the plantation operations for the current quarter were doubled that of the preceding quarter due mainly to higher production. However, the grains trading, flour and feed milling divisions recorded lower profits due to higher raw material prices.

B3. Prospects for current financial year

For the last quarter of 2004, the performance of the sugar refining, grains trading, flour and feed milling divisions will continue to be affected by higher prices of raw materials and ocean freight. The edible oils trading operation will contribute lower profits in view of the difficult trading conditions whilst the plantation division continued to maintain its good performance. Overall, it is envisaged that Group profit for year 2004 will be comparable to that of 2003.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

	Individual Quarter 3 months ended 30 SEP 2004 RM'000	Cumulative Quarter 9 months ended 30 SEP 2004 RM'000
Taxation comprises:-		
Malaysian taxation based on profit for the period:-		
Current	45,496	116,008
Deferred	2,439	10,240
Share of taxation of associated companies		
	2,571	6,580
	50,506	132,828
Foreign taxation		
Current	916	1,343
Deferred	16	(906)
Share of taxation of associated companies	2,784	9,534
	54,222	142,799
(Over)/under provision		
Current	93	91
Deferred	(75)	(2,686)
	54,240	140,204

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 RM2.450 million for the current 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 30 SEP 2004 RM'000	Cumulative Quarter 9 months ended 30 SEP 2004 RM'000
Total cost of purchases	22	86
Total proceeds from disposals	5,841	13,524
Profit on disposal	4,606	7,158

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

At cost	RM'000 400,986
At book value	393,335
At market value	615,956

B8. Status of corporate proposals

There were no corporate proposals announced but not completed as at 20 November 2004.

B9. Group borrowings

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

	RM'000	RM'000	RM'000
	Total	Secured	Unsecured
Long term bank loans	18,860	-	18,860
Long term bank loans (USD)	105,358	-	105,358
Long term bank loans (SGD)	2,883	2,883	-
Long term bank loans (RMB)	22,451	22,451	-
Hire purchase liabilities	1,605	1,605	-
Repayments due within the next 12 months	(7,170)	(1,030)	(6,140)
	<u>143,987</u>	<u>25,909</u>	<u>118,078</u>
Short term bank borrowings			
Bills payable	279,046	2,695	276,351
Short term loans	60,840	-	60,840
Short term loans (USD)	95,417	19,000	76,417
Short term loans (Vietnamese Dong)	15,687	-	15,687
Current portion of long term loans	6,485	345	6,140
Hire purchase liabilities	685	685	-
	<u>458,160</u>	<u>22,725</u>	<u>435,435</u>
Bank overdrafts	11,342	773	10,569
Bank overdrafts (SGD)	1,724	1,724	-
	<u>471,226</u>	<u>25,222</u>	<u>446,004</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 20 November 2004, the Group has hedged outstanding foreign currency contracts of USD118.202 million equivalent to RM449.852 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 20 November 2004, the Group's outstanding commodities futures sales contracts amounted to RM2.62 million and these outstanding contracts are due to mature within the next two to 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 held on 6 and 7 May 2004 and the Court will deliver its judgement in due course.

B12. Dividend

The Board of Directors is pleased to declare a second interim dividend for the financial year ending 31 December 2004 of 10 sen per share less 28% income tax (2003 : nil).

Dividend payment/ entitlement date

Notice is hereby given that the interim dividend will be payable on Monday, 24 January 2005 to shareholders whose names appear in the Record of Depositors on Monday, 10 January 2005.

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

- (i) Shares transferred into the Depositor's securities account before 4.00pm on Monday, 10 January 2005 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
2004	2nd Interim dividend	10 sen less 28% income tax	24 January 2005

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's net profit for each period by the weighted average of ordinary shares in issue during the period as follows :-

	Individual Quarter 3 months ended 30 September 2004 RM'000	Cumulative Quarter 9 months ended 30 September 2004 RM'000
Net profit for the period	96,921	268,097
Number of ordinary shares in issue at beginning of period	490,623,124	490,623,124
Effects of shares issue	48,843,260	16,460,000
Weighted average of ordinary shares in issue at end of period	539,466,384	507,083,124

There is no diluted earnings per share for the current period or financial year-to-date as there were no dilutive potential ordinary shares.

Kuala Lumpur
26 November 2004

By Order of the Board
Tan Teong Boon
Company Secretary

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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OCBC Bank (Malaysia) Berhad

Auditors

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Registrar

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Stock Exchange Listing

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Stock Number: 4065
ISIN: MYL406500008
Reuters Code: PEPT.KL