

INVESTORUPDATE

4th QUARTER REPORT 31 DEC 2004





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

FEATURE ARTICLE

FFM MARKETING SDN BHD Consumer Products Distribution



Good logistics and warehousing system for effective marketing and distribution

Corporate Background

FFM Marketing Sdn Bhd (FMSB), a wholly-owned subsidiary of FFM Group, was set up in 1993 to market and distribute a wide range of fast-moving consumer goods under its own brand names as well as other local and international brands. In addition, FMSB also markets the bulk products produced by the Group.

From its humble beginnings operating from an office in Wisma Jerneh, Kuala Lumpur and occupying a rented 20,000 sq ft warehouse in Pandamaran, Klang; FMSB has come a long way with an established network throughout East and West Malaysia.

Today, FMSB has 11 strategically located warehouses and offices in Prai, Ipoh, Sungai Buloh, Melaka, Kuantan, Johor Baru, Kota Bharu, Kuching, Sibul, Kota Kinabalu and Sandakan that encompass a total warehousing area of 288,000 sq ft.

The decentralised structure of FMSB necessitates the strong support of all the staff from the 3 main divisions of the organisation namely, Administration & Logistics, Marketing and Sales. Currently, there are close to 400 staff serving the company.

The objectives of FMSB are:

- To provide a fully-integrated marketing system ranging from product development, marketing planning & implementation, market information system, advertising & promotion, inventory control, warehousing and logistics to ensure the Group's competitiveness.
- To selectively acquire external Agency lines particularly the fast-moving consumer goods, and establish FMSB as a preferred trading house.
- To act as more than just a distributor through effective marketing strategies and tactics.
- To efficiently manage the increasing marketing and distribution needs of the Group's consumer and "bulk" products namely flour, feed and day-old-chicks; and
- To ensure long-term profit contribution to the Group.

FEATURE ARTICLE

Development of In-House Brands

FFM Group's own brands are:

- Neptune (blended cooking oil)
- Seri Murni (double-fractionated 100% palm-based vegetable oil)
- Krystal (100% pure corn oil)
- Blue Key (packaged flour)
- Anchor (packaged flour)
- Muhibah (packaged flour)
- Blue Team (shortening/margarine)
- Marina (canned sardine/mackerel/tuna/baked beans/green peas)
- Marina (frozen food – tempura chicken nuggets/fish fingers)
- Seri Murni (premium/standard eggs)
- Seri Murni (curry paste); and
- Shamu (nata de coco in syrup/jelly cups/pudding with nata de coco).

Due to diligent marketing efforts, Neptune is one of the dominant brands in the Chinese market for cooking oil today. Similarly, in the Malay market, Seri Murni has become the premium brand for the same product due to FMSB's successful adoption of a double-fractionation strategy.

Other products marketed and distributed by FMSB include flour (in 25kg bags and in bulk), feed (in bags and in bulk) and day-old-chicks.



Neptune (blended cooking oil)



Marina (canned tuna)

FEATURE ARTICLE

Acquisition of External Agency Lines

FMSB's external agency product portfolio consists of:

- Red Bull (energy drinks)
- V-Soy (soya bean milk)
- Nekta (ready-to-drink/concentrated Kiwi fruit juice)
- Star Brand (culinary essence and colourings)
- Lingham (chilli sauces)
- Johnson & Johnson (baby care/personal care)
- Clorox (liquid bleach and floor care)
- Bluebell (household care and floor care)
- Glads (wraps/garbage bags)
- Guard (shoe care)
- Spin (detergents)
- Blacktop (household insecticides/mosquito coils); and
- Sure (condoms).



Anchor packaged flour

Within the first year of its launch, Bluebell became the No.1 brand of cleaners in the marble floor category due to effective strategic niche-marketing and management. From an unknown brand, FMSB was able to build a substantial market share for Bluebell resulting in an eventual buy-over by Clorox, USA in 1998. To FMSB's credit, Clorox subsequently shifted its whole agency line to FMSB in the same year.

Red Bull shares a similar success story. Prior to April 1995, Red Bull was a small, unknown regional brand available mostly in Johor. Through aggressive marketing efforts coupled with FMSB's reputable distribution network, Red Bull superseded Livita as the No.1 energy drink in Malaysia circa 1998.



Seri Murni premiums eggs



Marina fish fingers

FEATURE ARTICLE

Marketing and Distribution Network

FMSB is an integral part of the FFM Group and it is one of the largest marketing and distribution providers in Malaysia with disseminated warehousing for greater and more efficient delivery capabilities.

Currently, it has an estimated reach to approximately 50,000 outlets consisting of super/mini/hypermarkets, convenience stores, provision retailers/wholesalers, petrol stations and photo studios taking into consideration direct accounts, redistribution by key wholesalers and van coverage. This constitutes about 68% of the total 72,529 outlets (excluding coffee shops and hawker stalls) nationwide, according to an AC Nielsen 2001 survey.

Business Solutions System

Recently, the Group invested RM4 million in a Movex Java business solutions system to further enhance FMSB's performance, particularly in supply chain management, distribution management and warehousing activities. The system is specially designed for complete e-collaboration and can be easily integrated with any internet, extranet or intranet application resulting in Electronic Data Interchange (EDI) with suppliers, customers, banks, forwarding agents and customs. This would lead to less time-consuming and more convenient monitoring and control activities between FMSB and its wide network.

Future Direction

FMSB aspires to remain the preferred logistics provider in the country – known for assured speed of delivery and exceptional service standards. Its own traditional commodity products have been successfully branded and continue to gain wide consumer confidence and acceptance. It is hoped that this in turn ensures that the Group is well positioned to withstand competition in the open markets after AFTA. The Group continues to strive for increased access to sales channels and distribution outlets for long-term stability and growth.



Sampling exercise being carried out in one of the hypermarkets



Seri Murni cooking oil - the most preferred brand in Malaysia

HAPPENINGS

ANOTHER CHINA PROJECT FOR THE CHEMQUEST GROUP

Chemquest Overseas Ltd (CQOL), a wholly-owned subsidiary of the Chemquest Group, has in the last quarter of 2004 secured a water treatment project in Hohhot, the capital city of Inner Mongolia, a province of China PRC through Kerry CQ Water (Hohhot) Limited, a 50% indirect subsidiary of CQOL.

On 25 October 2004, Kerry CQ Water (Hohhot) Limited entered into a joint venture agreement with a French company, Compagnie Generale des Eaux to invest in KVW Investment Company Limited, Hong Kong (KVWI). KVWI's 51% subsidiary, Hohhot Chunhua KVW Water Treatment Company Limited (Hohhot Chunhua), has been awarded a 30-year concession to treat and process raw water and deliver treated water to around 789,000 inhabitants of Hohhot city. Hohhot Chunhua also owns 9 Groundwater Plants and the JinHe water treatment plant with a combined capacity of 520,000 m3/day.

The balance of 49% equity interest in Hohhot Chunhua are held by Hohhot Municipal Water Company PRC and Hohhot Chunhua Water Development Company PRC.

The Hohhot project is estimated to cost RMB536 million and commercial operation is targeted in the second quarter of 2005.

CQOL's total investment in Hohhot project is about RMB25.0 million equivalent to RM11.5 million and this investment marks another milestone for Chemquest Group's ventures into China.

PPB GROUP CONTRIBUTES TO THE TSUNAMI SURVIVORS

The December 26th Tsunami wave that swept away many innocent lives and homes in Asia has touched the hearts of many worldwide.

To help meet the relief and reconstruction needs of the Tsunami survivors, PPB Group gave a cash donation totaling RM1.55 million to several bodies involved in the relief efforts.

Cheras Leisuremall, the shopping mall owned and managed by PPB's wholly-owned subsidiary, PPB Hartabina Sdn Bhd, organized a 10-day donation drive campaign which began on 31 December 2004. Cheras Leisuremall collected in cash a total of RM11,254.60 for the Tsunami survivors.

In addition, the staff of PPB Group generously made cash donations totaling RM23,220 to the Malaysian Red Crescent Society and Mercy Humanitarian Fund.

HAPPENINGS

10TH ANNIVERSARY AND LAUNCH OF THE BRAND NEW LOOK OF CHERAS LEISUREMALL

On 8 December 2004, Cheras LeisureMall celebrated its 10th Anniversary and launch of its brand new look. Cheras Leisuremall located at Taman Segar, Cheras, Kuala Lumpur is managed and owned by PPB Hartabina Sdn Bhd, a wholly-owned subsidiary of PPB. The mall has a total of 264,514 sq ft of lettable space and enjoys full occupancy.

The mall took about six months to be refurbished at a total cost of RM12.0 million to suit the changing lifestyle and shopping demands of its customers. The refurbishment gave Cheras Leisuremall a brand new look with a new design, new concept and new tenants to better serve its existing customers and attract new customers. With the brand new look and improved facilities, Cheras LeisureMall is expected to sustain a competitive edge over its competitors and to ensure continual rent growth in response to the emerging trend in retail industry.



On this significant day, more than 200 people including its tenants gathered at the Main Concourse and Stage Area of Cheras LeisureMall for a time of fun and merriment in conjunction with the Christmas Celebrations. In a show of appreciation to its loyal tenants who have been with the mall since its opening in 1994, Cheras Leisuremall presented them each with a certificate of recognition.



HAPPENINGS

STAFF OF PPB AND PPBOP HEADS FOR A JOINT COMPANY TRIP

It was a sunny and beautiful morning of 8th October 2004 when 22 employees of PPB Group Berhad and 16 employees of PPB Oil Palms Bhd (PPBOP) departed from Wisma Jerneh on their first joint company trip to Cameron Highlands.

The journey was smooth and the coach travelled by the newly opened Simpang Pulai-Cameron Highlands highway which cut out the long and winding road up from Tapah. The journey on the new highway was a breeze.

Rain greeted our arrival at Cameron Highlands and it was touch and go for our visit to the Mardi Agrotech Park. The many different temperate and tropical fauna and flora were a sight to behold at the Park. Flowers seem to bloom larger than in the lowlands. Thereafter, the group visited the Cactus Gardens.

The next day was a packed day of sightseeing – the Boh Plantations of Sungei Palas, the Bee Farm, Rose Garden, Butterfly Garden and Strawberry Farm. A very interesting tour of the tea factory was conducted by a staff of Boh Plantations. After the tour, a cup of tea at the Tea Shop was a must and the staff were also seen busy purchasing the various teas sold at the shop. Shopping didn't end there. The staff made more purchases of honey, flowers and fruits at various places of interest including the weekly Saturday night market held in Brinchang town centre.

Overall, the staff enjoyed the refreshing and relaxing trip away from the hustle and bustle of the city. The joint trip enabled staff of both companies to interact and get to know each other better which will lead to better cooperation workwise and new friendships made.



HAPPENINGS

BRIDGING THE GAP WITH THE DISABLED

Honestly caring for someone in need is indeed a great joy. Year 2004 ended in a meaningful way for the staff of PPB Group Berhad as on the last day of the year, PPB's staff visited the Taman Megah's Handicapped and Disabled Children's Home in Petaling Jaya as part of their community relations project. The visit themed "Bridging the Gap" was an opportunity for the PPB staff to spend a day with the special and disabled children and to better communicate and understand them.



During the visit, PPB provided a Supine Board, Walker Trainer as well as some toiletries and food items to the Home. To usher in the New Year, the boys at the Home were given a batek shirt each whilst batek baju kurungs were given to the girls. Dressed in their colourful attire, the children were entertained by the Clown's hilarious antics followed by a magic show. The children were given party packs and served their favourite fast food by PPB staff. After lunch, the children enjoyed a movie complete with delicious caramel flavoured popcorn courtesy of Golden Screen Cinemas.



SHARE ANALYSIS

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 4TH Q 2004

4TH Q 2004 3RD Q 2004 % change

PPB share price

Closing price (high)	7.05	6.65	6.02%
Closing price (low)	6.35	6.10	4.10%
Month end closing price	6.80	6.55	3.82%
Weighted share price	6.57	6.40	2.63%
Market capitalization (RM' million)	3,336.24	3,213.58	3.82%

PPB share volume

Daily volume (high)	1,183,800	1,246,500	-5.03%
Daily volume (low)	19,700	11,500	71.30%
Average daily volume	320,334	221,383	44.70%

Kuala Lumpur Composite Index (KLCI) share price

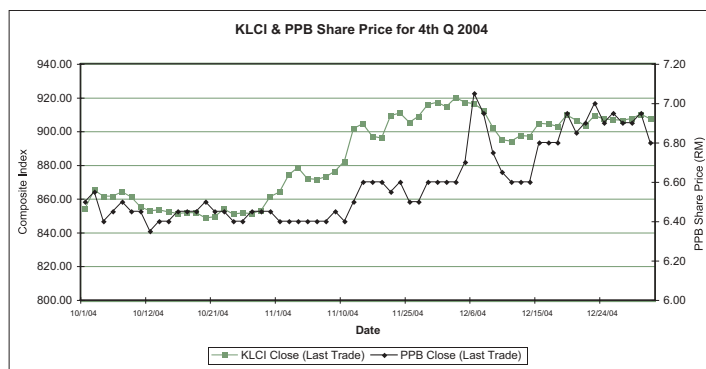
KLCI closing (high)	919.97	865.34	6.31%
KLCI closing (low)	848.65	804.89	5.44%
KLCI month end closing	907.43	849.96	6.76%

Kuala Lumpur Composite Index (KLCI) share volume

Daily Volume (high)	197,032,992	157,065,408	25.45%
Daily Volume (low)	19,970,400	28,031,000	-28.76%
Average Daily Volume	68,247,446	54,187,366	25.95%

Market sentiments continue to improve throughout the 4th quarter with the influx of foreign funds arising from speculations of the Ringgit's repeg. Investors' sentiments were further strengthened with the easing of oil prices, higher regional share prices and the conclusion of the US Presidential elections. The KLCI closed 57.47 points higher at 907.43 in the 4th Quarter, up 6.76% from the preceding quarter.

In tandem with the KLCI performance, PPB share price closed at RM6.80 on 31 December 2004, an increase of 3.82% over the closing price of RM6.55 on 30 September 2004. Market capitalization of PPB share was RM3.336 billion and its daily average volume rose by 44.7% to 320,334 shares compared with the preceding quarter.



FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

Financial year ended (All figures in RM million)	31.12.04	12 months 31.12.03	Change %
INCOME STATEMENT			
Revenue	10,999.682	9,319.768	18.03%
Profit from operations	601.970	554.572	8.55%
Profit before tax	733.508	707.360	3.70%
Net profit for the year	400.664	371.253	7.92%
BALANCE SHEET			
<i>Current assets</i>			
Inventories	950.604	810.429	17.30%
Trade receivables	498.194	423.760	17.57%
Cash, bank balances and deposits	537.728	724.579	-25.79%
Others	360.555	333.583	8.09%
Total current assets	2,347.081	2,292.351	2.39%
<i>Current liabilities</i>			
Trade payables	281.896	296.295	-4.86%
Short term bank borrowings	358.232	390.942	-8.37%
Others	292.474	294.981	-0.85%
Total current liabilities	932.602	982.218	-5.05%
<i>Non-current assets</i>			
Property, plant and equipment	2,642.271	2,478.584	6.60%
Associates	598.741	535.668	11.77%
Jointly controlled entities	38.867	27.547	41.09%
Other investments	452.320	412.098	9.76%
Goodwill	34.687	34.779	-0.26%
Others	19.945	24.129	-17.34%
Total non-current assets	3,786.831	3,512.805	7.80%
<i>Non-current and deferred liabilities</i>			
Long term bank borrowings	149.751	83.877	78.54%
Others	312.076	268.313	16.31%
Total non-current and deferred liabilities	461.827	352.190	31.13%
Minority interest	779.395	1,482.721	-47.43%
Share capital	592.750	490.623	20.82%
Reserves	3,367.338	2,497.404	34.83%
Shareholders' funds	3,960.088	2,988.027	32.53%
RATIOS			
Return on net assets	(%) 14.15	14.71	
Return on equity	(%) 10.12	12.42	
Earnings per share	(sen) 75.80	75.67	0.17%
Profits before tax over revenue	(%) 6.67	7.59	
Interest coverage	(times) 49.59	62.60	-20.78%
Current ratio	(times) 2.52	2.33	8.15%
Long Term Debt/Equity	(%) 3.78	2.81	
Net tangible assets per share	(RM) 6.62	6.02	9.97%
Net dividend per share	(sen) 23.70	20.52	15.50%
STOCK MARKET INFORMATION			
Share price	(RM) 6.80	6.55	3.82%
Market capitalisation	(RM million) 4,030.70	3,213.58	25.43%
PE ratio	(times) 8.97	8.66	3.58%

ANNOUNCEMENTS

4rd Quarter 2004

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- 06 october** Chemquest (Overseas) Ltd (CQOL) acquired one (1) additional share of USD1.00 each in Kerry Utilities Ltd (KUL). Pursuant to the acquisition, CQOL's equity interest in KUL was increased to 50% plus 1 share. CQOL and KUL are 55% and 50% indirect subsidiaries of PPB respectively.
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- 11 october** PPB's 100% indirect subsidiary, Film Allied Services Sdn Bhd, undertook a members' voluntary liquidation arising from the cessation of its business of providing subtitling services for cinematograph films in April 2004.
-
- 13 october** PPB entered into a conditional agreement to dispose of its entire 12.15% equity interest equivalent to 13,000,000 ordinary shares of RM1.00 each in Gula Padang Terap Sdn Bhd (GPTSB) to Tradewinds (M) Berhad for a total cash consideration of RM22,842,000.
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- 13 october** PPB entered into a Sale and Purchase Agreement for the disposal of its entire 12.15% equity interest equivalent to 121,500 ordinary shares of RM1.00 each in Gula Padang Terap Plantations Sdn Bhd (GPT Plantations) to Jalinan Semangat Sdn Bhd for a cash consideration to be determined based on the adjusted net tangible assets of GPT Plantations taking into account the deemed value of RM199,000,000 for the plantation lands and assets of GPT Plantations.
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- 01 december** Release of the 3rd Quarter Report for the period ended 30 September 2004. A second Interim Dividend of 10 sen per share less 28% tax was declared.
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- 10 december** FFM Feedmills (Sarawak) Sdn Bhd, a 75% indirect subsidiary of PPB, acquired 100% equity interest equivalent to 2 ordinary shares of RM1.00 each in Sunrise Ridge Sdn Bhd for a total cash consideration of RM1,770. Sunrise Ridge is presently dormant and will be used to undertake feedmilling businesses.
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- 28 december** PPB's 100% indirect subsidiary, Stenmark Investments Inc., was dissolved as it has been dormant since January 2003. Stenmark's principal activity was the placement of deposits to earn interest prior to being dormant.
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- 30 december** PPB's 70% indirect subsidiary, Marathon Equipment Asia Pte Ltd, disposed of its entire 100% equity interest equivalent to 2 ordinary shares of SGD1.00 each in Quantum Plastics Industries Pte Ltd for a total cash consideration of SGD25,000/-.

PRESS RELEASE

PPB GROUP BERHAD'S FINANCIAL RESULTS for the year ended 31 December 2004

PPB GROUP BERHAD ACHIEVED A PRE-TAX PROFIT OF RM734 MILLION FOR YEAR 2004

HIGHLIGHTS OF 2004 RESULTS

- Revenue increased by 18% or RM1.680 billion to RM11.000 billion largely due to higher selling prices of palm oil and its related products, improved crop production and higher sales volume of edible oils.
- Profit before tax improved to RM733.51 million from RM707.36 million, up 3.7% mainly due to higher contributions from the oil palm plantations, edible oils refining and shipping operations as well as higher profits from investing activities which doubled to RM81.1 million from RM39.7 million mainly due to the sale of quoted shares and higher dividends from quoted shares.
- Net profit grew by 7.9% year-on-year to RM400.66 million and the weighted average earnings per share on the enlarged share capital of the Company resulting from the issuance of new PPB shares arising from the privatization of FFM Berhad, rose to 75.80 sen from 75.67 sen.
- Net tangible assets rose by 10% to RM6.62 from RM6.02 in line with the strong financial performance for the year.

DIVIDENDS

In view of the Group's improved results, the Board of Directors has recommended for shareholders' approval a final dividend of 10 sen per share comprising 2.5 sen tax exempt and 7.5 sen less tax payable on Monday, 30 May 2005. Together with the first interim dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less tax and second interim dividend of 10 sen per share less tax, PPB's total dividend declared for the year ended 31 December 2004 would be 30 sen per share comprising 7.5 sen tax exempt and 22.5 sen less tax.

Compared with the dividend paid in respect of year 2003 of 25 sen per share comprising 9 sen tax exempt and 16 sen less tax, this would translate to a 20% increase in gross dividend payment.

PROPOSED BONUS ISSUE AND INCREASE IN AUTHORISED SHARE CAPITAL

To better reflect the value of the underlying assets employed, reward shareholders and further enhance the liquidity and marketability of PPB shares, the Board of Directors has proposed a 1 for 1 bonus issue of 592,749,941 new ordinary shares of RM1.00 each in the Company credited as fully paid up and with this bonus issue, PPB's issued share capital will increase to RM1,185,499,882.

To facilitate the proposed bonus issue, it is proposed to concurrently increase the Company's authorised share capital from RM1 billion to RM2 billion. The above proposals are subject to the approvals of shareholders, Bursa Securities for the listing and quotation of the bonus shares and any other relevant authorities.

PRESS RELEASE

CORPORATE DEVELOPMENTS

On the successful completion of the privatization of FFM Berhad, an additional 102,126,817 ordinary shares of RM1.00 each in PPB were listed on Bursa Malaysia on 25 August 2004. The privatization of FFM Berhad has produced a much stronger Group with significantly higher shareholders' funds and market capitalization. The additional PPB shares in the market have also helped improve the liquidity of PPB shares which would benefit both investors and share price.

REVIEW OF OPERATIONS

Food manufacturing activities

Sugar, grains trading, flour and feed operations encountered higher raw material prices and increased freight rates which trimmed profit margins.

Edible Oils Refining & Trading

Profit performance improved significantly from better refining margins due to higher selling prices of edible oil products. For 2004, the Group's refineries processed 3.2 million mt of refined edible oils representing an increase of 11% over the previous year. The increase is due to higher CPO production throughout the year due to favorable weather conditions.

Oil Palm Plantations

The key contributor to the increase in Group profits is the strong financial performance of PPB Oil Palms Berhad (PPBOP) which benefited from further improvement in palm product prices and higher crop production. Crude palm oil prices continued to trend higher into year 2004 and PPBOP achieved an average realized price of RM1,610 per tonne of CPO, an increase of 11% compared with the previous year's price of RM1,456 per tonne. Production of fresh fruit bunches improved by 10% to 1,268,400 whilst CPO production rose by 17% to 338,409 tonnes mainly from the higher FFB production and outside FFB purchases.

Environmental Engineering, Waste Management and Utilities

Revenue from the environmental engineering, waste management and utilities operations improved by 32% to RM140.5 million as more projects were undertaken by Chemical Waste Management Sdn Bhd (CWM). Profits were however lower due to losses recorded by the overseas subsidiaries and start-up cost incurred for the China projects.

PRESS RELEASE

Film Exhibition and Distribution

Film exhibition and distribution operations further strengthened to achieve an 18.8% increase in revenue to RM104.3 million driven by increased admissions and the opening of GSC's 12-screen cineplex at Gurney Plaza, Penang in January 2004. Admissions increased to 11.2 million from 9.6 million due to more simultaneous screenings of films locally with the US and increased releases of local Malay and Asean movies.

Property Investment and Development

The property arm of the Group, PPB Hartabina Sdn Bhd (PPBH) maintained its profit performance despite lower unit sales of the Phase II Bukit Segar residential project as profit margins were comparatively higher than Phase 1 due to increased selling prices coupled with the sale of the Bumiputra units which were opened to the market.

PROSPECTS FOR 2005

This year would be a challenging one for the Group as its food manufacturing activities will continue to face high raw material prices and ocean freight rates. Palm product prices are expected to remain volatile but higher crop production from its plantations should help mitigate some of the negative effects of lower prices.

The Group will continue to direct its efforts towards maximizing value from the synergies of its current operations and to look for opportunities to further enhance the Group's competitive edge. With the Group's strong fundamentals and resilience derived from its diverse operations, the Board is optimistic that Group is well placed to meet its business challenges going forward.

QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS for the year ended 31 December 2004

(The figures have been audited)

	Individual Quarter 3 months ended 31 DECEMBER		Cumulative Quarter 12 months ended 31 DECEMBER	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	2,683,516	2,569,208	10,999,682	9,319,768
Operating expenses	(2,530,075)	(2,453,454)	(10,416,710)	(8,797,764)
Other operating income	1,112	960	18,998	32,568
Profit from operations	154,553	116,714	601,970	554,572
Net profit from investing activities	46,099	25,277	81,119	39,666
Share of associated companies' profits less losses	9,388	43,229	65,546	124,644
Share of jointly controlled entities' profits less losses	(30)	(38)	(30)	(38)
Finance costs	(2,998)	(4,049)	(15,097)	(11,484)
Profit before taxation	207,012	181,133	733,508	707,360
Taxation	(43,588)	(40,115)	(183,792)	(170,478)
Profit after taxation	163,424	141,018	549,716	536,882
Minority interest	(30,857)	(41,294)	(149,052)	(165,629)
Net profit for the period	132,567	99,724	400,664	371,253

Earnings per share (sen) :-

(a) Basic earnings per ordinary share	22.36	20.33	75.80	75.67
(b) Diluted earnings per ordinary share	-	20.29	-	75.60

(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 31 December 2004

	As at 31-Dec-04 RM'000 (Audited)	As at 31-Dec-03 RM'000 (Audited)
Property, plant and equipment	2,642,271	2,478,584
Land held for property development	12,691	16,679
Investment in associated companies	598,741	535,668
Investment in jointly controlled entities	38,867	27,547
Long term investments	452,320	412,098
Goodwill on consolidation	34,687	34,779
Deferred tax assets	7,254	7,450
Current Assets		
Inventories	950,604	810,429
Property development costs	18,719	32,910
Receivables	840,030	724,433
Cash, bank balances and deposits	537,728	724,579
	2,347,081	2,292,351
Current Liabilities		
Payables	541,682	565,300
Short term borrowings	358,232	390,942
Taxation	32,688	25,976
	932,602	982,218
Net Current Assets	1,414,479	1,310,133
	5,201,310	4,822,938
Financed by :		
Share Capital	592,750	490,623
Reserves	3,367,338	2,497,404
Shareholders' equity	3,960,088	2,988,027
Minority interest	779,395	1,482,721
Long term borrowings	149,751	83,877
Reserve on consolidation	25,409	12,233
Deferred tax liabilities	286,667	256,080
	5,201,310	4,822,938
Net tangible assets per share (sen)	662	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 financial year ended 31 December 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	Dividends RM'000	Total RM'000
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	-	-	79,362	(11,960)	12,399	79,801	(1,912)	-	77,889
Net profit for the period	-	-	-	-	-	-	400,664	-	400,664
Transfer of reserves	-	-	(3,042)	6,226	(4,147)	(963)	963	-	-
Dividends	-	-	-	-	-	-	(157,043)	42,678	(114,365)
Issue of shares	102,127	507,570	-	-	-	-	-	-	609,697
Shares issue expenses	-	(1,824)	-	-	-	-	-	-	(1,824)
At 31 December 2004	592,750	526,874	164,674	31,024	152,282	347,980	2,449,806	42,678	3,960,088
At 1 January 2003	490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	-	2,701,372
Net (losses)/gains not recognised in the income statement	-	-	(381)	4,761	332	4,712	(998)	-	3,714
Net profit for the period	-	-	-	-	-	-	371,253	-	371,253
Transfer of reserves	-	-	(983)	-	3,307	2,324	(2,324)	-	-
Dividends	-	-	-	-	-	-	(88,312)	-	(88,312)
At 31 December 2003	490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	-	2,988,027

(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 financial year ended 31 December 2004

	2004 RM'000	2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	733,508	707,360
Adjustments :-		
Non-cash items	62,385	4,674
Non-operating items	(21,982)	(11,374)
Operating profit before working capital changes	773,911	700,660
Working capital changes		
Net change in current assets	(184,764)	(52,743)
Net change in current liabilities	(16,078)	10,017
Cash generated from operations	573,069	657,934
Tax paid	(130,220)	(130,493)
Net cash generated from operating activities	442,849	527,441
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(256,428)	(203,531)
Proceeds from disposal of property, plant and equipment	17,236	16,896
Investment in subsidiary companies	(211,279)	(31,283)
Investment in associated companies	(65,984)	(8,125)
Investment in jointly controlled entities	(11,327)	(27,547)
Proceeds from disposal of associated companies	-	52,904
Redemption of preference shares of an associated company	8,903	9,033
(Advances to)/repayment from associated companies	(63,865)	(2,265)
Dividend received from investments	42,361	48,440
Interest received	16,469	15,182
Other investing activities	44,178	(6,740)
Net cash used in investing activities	(479,736)	(137,036)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	6,696	34,044
Bank borrowings	29,775	12,080
Interest paid	(16,269)	(12,236)
Dividends paid	(172,802)	(165,867)
Other financing activities	3,075	(8,830)
Net cash used in financing activities	(149,525)	(140,809)
Net (decrease)/increase in cash and cash equivalents	(186,412)	249,596
Cash and cash equivalents at 1 January	715,637	466,410
Effect of exchange rate changes	(333)	(369)
Cash and cash equivalents at 31 December	528,892	715,637

(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 audited 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 except for the adoption of new MASB Standard No. 32 "Property Development Activities". The adoption of MASB Standard 32 has no material impact on the earnings and net tangible assets of the Group.

The interim financial statements of the Group 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 and current 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 of the Group's plantations and mills.

A8. Segmental reporting

Segmental information in respect of the Group's business segments for the financial year ended 31 December 2004 :

All figures in RM'000 Information About Business Segments:	Sugar refining and cane plantation	Grains trading, flour & feed milling	Edible oils refining & trading	Oil palm plantations
REVENUE				
External Sales	749,352	775,185	8,384,356	137,173
Inter-Segment sales	35	53,634	118,188	453,541
Total revenue	749,387	828,819	8,502,544	590,714
RESULT				
Segment operating results	143,345	42,745	115,019	223,503
Unallocated corporate expense				
Profit from operations				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	1,714	5,820	22,489	2,301
Share of jointly controlled entities' profits less losses	-	-	-	-
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, except for the following:-

- (a) On 12 January 2005, PPB Oil Palms Berhad's wholly-owned subsidiary company Rimkus Limited entered into agreements with several individuals to acquire a total of 60% equity interest in a company known as PT Mentaya Sawit Mas ("MSM"), comprising 600 shares of Rp1 million each for cash at par equivalent to Rupiah 600 million (USD64,760). MSM, which is incorporated in Indonesia, has the Izin Lokasi for 15,500 hectares of land in Central Kalimantan which is proposed to be developed into an oil palm plantation.
- (b) The Board of Directors has proposed to increase the Company's issued and paid-up capital from RM592,749,941 to RM1,185,499,882 by a 1 for 1 Bonus Issue of 592,749,941 new ordinary shares of RM1.00 each in the Company (Bonus shares) credited as fully paid up by capitalising RM520,000,000 and RM72,749,941 from the Company's share premium and retained profit accounts respectively. The new Bonus shares shall upon allotment and issue, rank pari passu in all respects with the existing shares except that they shall not be entitled to the final dividend for the financial year ended 31 December 2004. Concurrent with the proposed Bonus Issue it is also proposed to increase the Company's authorised share capital from RM1 billion comprising 1,000,000,000 ordinary shares of RM1.00 each to RM2 billion comprising 2,000,000,000 ordinary shares of RM1.00. The above proposals are subject to the approvals of shareholders, Bursa Securities granting a listing and quotation for the Bonus shares and any other relevant authorities.

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.
- (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 still 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. The liquidation is still in progress.

- (e) Leisure Bowl Centres Sdn Bhd, an indirect wholly-owned subsidiary company, has been placed under Members' Voluntary Winding-up on 22 September 2004. The liquidation is still in progress.
- (f) Film Allied Services Sdn Bhd, an indirect wholly-owned subsidiary company, has been placed under Members' Voluntary Winding-up on 11 October 2004. The liquidation is still in progress.
- (g) On 25 November 2004, PPB Oil Palms Berhad's direct wholly-owned subsidiary company Dexas Investments Limited entered into agreements with several individuals to acquire a total of 65% equity interest in a company known as PT Karunia Kencana Permaisejati ("KKP"), comprising 650 shares of Rp1 million each for cash at par, equivalent to Rupiah 650 million (USD72,480). KKP, which is incorporated in Indonesia, has the Izin Lokasi for 19,400 hectares of land in Central Kalimantan which is proposed to be developed into an oil palm plantation.
- (h) On 10 December 2004, PPB's 75% indirect subsidiary, FFM Feedmills (Sarawak) Sdn Bhd, acquired 100% equity interest in Sunrise Ridge Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM1,770.
- (i) On 16 December 2004, PPB Oil Palms Berhad's direct wholly-owned subsidiary company Ferro Group Limited entered into agreements with several individuals to acquire a total of 95% equity interest in a company known as PT Bumi Sawit Kencana ("BSK"), comprising 950 shares of Rp1 million each for cash at par equivalent to Rupiah 950 million (USD102,836). BSK, which is incorporated in Indonesia, has the Izin Lokasi for 11,050 hectares of land in Central Kalimantan which is proposed to be developed into an oil palm plantation.
- (j) On 27 December 2004, Stenmark Investments Inc., an indirect subsidiary of PPB was placed under members' dissolution.
- (k) On 30 December 2004, PPB's indirect subsidiary Marathon Equipment Asia Pte Ltd disposed of its 100% equity interest equivalent to 2 ordinary shares of SGD1.00 each in Quantum Plastics Industries Pte Ltd for a cash consideration of SGD25,000 equivalent to RM57,500.

A12. Changes in contingent liabilities or contingent assets

The guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 31 December 2004 were increased from RM15.80 million to RM17.80 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 RM11.0 billion for the year ended 31 December 2004 was 18% higher compared with RM9.3 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 achieved a profit before tax of RM734 million which was 4% higher compared with RM707 million last year. The oil palm plantation, edible oil refining and shipping divisions earned higher profits whilst contributions from the sugar refining, grains trading, and flour and feed milling operations were lower. 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 RM207 million was 7% higher compared with RM194 million for the preceding quarter. Profits from edible oils refining, livestock farming and shipping divisions were higher whilst profits from the plantation operations were lower due to declining palm product prices. The grains trading, flour and feed milling divisions also recorded lower profits due to higher raw material prices.

B3. Prospects for current financial year

Crop production for the current year 2005 is expected to improve while CPO prices will remain volatile. Assuming prices stay at current levels, contributions from the oil palm plantation division for 2005 will remain satisfactory. However, high raw material costs and ocean freight rates are expected to affect profitability of the sugar refining, grains trading, flour and feed milling divisions. Overall, it is envisaged that the Group performance for year 2005 may be lower than that of 2004.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

	Individual Quarter 3 months ended 31-Dec-2004 RM'000	Cumulative Quarter 12 months ended 31-Dec-2004 RM'000
Taxation comprises:-		
Malaysian taxation based on profit for the period:-		
Current	35,174	151,182
Deferred	5,365	15,605
Share of taxation of associated companies	4,694	11,274
	45,233	178,061
Foreign taxation		
Current	1,768	3,111
Deferred	90	(816)
Share of taxation of associated companies	2,423	11,957
	49,514	192,313
(Over)/under provision		
Current	(5,022)	(4,931)
Deferred	(904)	(3,590)
	43,588	183,792

The effective tax rate is lower than the statutory rate mainly due to 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 4.243 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 31-Dec-2004 RM'000	Cumulative Quarter 12 months ended 31-Dec-2004 RM'000
Total cost of purchases	4,148	4,234
Total proceeds from disposals	31,380	44,904
Profit on disposal	31,149	38,307

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

At cost	RM'000 441,215
At book value	438,049
At market value	718,530

B8. Status of corporate proposals

On 13 October 2004 the Company entered into two separate conditional agreements for the disposals of its entire 12.15% equity interest in Gula Padang Terap Sdn Bhd comprising 13,000,000 ordinary shares of RM1.00 each and 12.15% equity interest in Gula Padang Terap Plantations Sdn Bhd comprising 121,500 ordinary shares of RM1.00 each. The disposals are pending the respective approvals of the purchasers' shareholders and other relevant authorities.

B9. Group borrowings

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

	RM'000	RM'000	RM'000
	Total	Secured	Unsecured
Long term bank loans	15,230	-	15,230
Long term bank loans (USD)	109,176	-	109,176
Long term bank loans (SGD)	2,972	2,972	-
Long term bank loans (RMB)	22,502	-	22,502
Hire purchase liabilities	1,632	1,632	-
Repayments due within the next 12 months	(1,761)	(1,225)	(536)
	<u>149,751</u>	<u>3,379</u>	<u>146,372</u>
Short term bank borrowings			
Bills payable	215,521	-	215,521
Bills payable (SGD)	195	-	195
Short term loans	31,500	-	31,500
Short term loans (USD)	89,431	-	89,431
Short term loans (Vietnamese Dong)	8,692	-	8,692
Short term loans (RMB)	2,296	-	2,296
Current portion of long term loans	862	326	536
Hire purchase liabilities	899	899	-
	<u>349,396</u>	<u>1,225</u>	<u>348,171</u>
Bank overdrafts	7,030	-	7,030
Bank overdrafts (SGD)	1,806	-	1,806
	<u>358,232</u>	<u>1,225</u>	<u>357,007</u>

B10. Off Balance Sheet Financial Instruments**Foreign Currency Contracts**

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument.

As at 17 February 2005, the Group has hedged outstanding foreign currency contracts of USD100.057 million equivalent to RM380.337 million. These contracts are short term and majority are due to mature within the next four 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.

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.

The Group does not have any outstanding CPO futures contract as at 17 February 2005.

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) As previously reported, a suit was filed at the High Court of Sabah and Sarawak in Sandakan against the Sabah State Government (the First Defendant) 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. The Court has on 25 January 2005 decided in favour of all three Defendants, and the claim by the third party was dismissed with costs.

B12. Dividend

The Board of Directors is pleased to declare a final dividend for the financial year ended 31 December 2004 of 10 sen per share comprising 2.5 sen tax exempt and 7.5 sen less 28% income tax (2003 : 16 sen comprising 5 sen tax exempt and 11 sen less 28% income tax) payable on Monday, 30 May 2005 subject to approval of shareholders at the 36th Annual General Meeting to be held on Thursday, 12 May 2005.

Together with the first interim dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax paid on 27 September 2004 and the second interim dividend of 10 sen per share less 28% income tax paid on 24 January 2005, the total dividend paid and payable to-date for the financial year ended 31 December 2004 is 30 sen per share comprising of 7.5 sen tax exempt and 22.5 sen less 28% income tax (2003 : 25 sen per share comprising 9 sen tax exempt and 16 sen less 28% income tax).

Dividend payment/entitlement date

Notice is hereby given that the final dividend will be payable on Monday, 30 May 2005 to shareholders whose names appear in the Record of Depositors at the close of business on Tuesday, 17 May 2005.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Tuesday, 17 May 2005 in respect of ordinary transfers, and
- (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
2004	Final dividend	2.5 sen tax exempt & 7.5 sen less 28% income tax	30 May 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 31 December 2004 RM'000	CUMULATIVE QUARTER 12 months ended 31 December 2004 RM'000
Net profit for the period	132,567	400,664
Number of ordinary shares in issue at beginning of period	592,749,941	490,623,124
Effects of shares issue	-	37,948,763
Weighted average of ordinary shares in issue at end of period	592,749,941	528,571,887

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
23 February 2005

By Order of the Board
Tan Teong Boon
Company Secretary