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PPB GROUP BERHAD
INVESTOR UPDATE
1st QUARTER REPORT
31 MAR 2005





Minsec Engineering Services Sdn Bhd (MES), a 100% indirect subsidiary of PPB, commenced operations in May 1987 with a small team of five (5) dedicated and qualified engineers with sound technical expertise in construction. MES's first project was the design and construction of a 30-tonne/hr palm oil mill for Sapi Plantations in Sandakan, Sabah which was completed within 16 months. Its expertise in mill construction has led MES to progressively introduce mechanization, automation and improvements in the mill operations and today, MES is able to construct a 120-tonne per hour palm oil mill within 14 months.

MES currently has a total manpower of 46 and provides an extensive range of engineering and construction services to the agriculture-based manufacturing industries and other industries. Its services to clients in Malaysia and Asia Pacific cover from engineering design, equipment fabrication, installation, training, plant operation to maintenance. Besides mill construction, MES is involved in turnkey construction of factory buildings, bulking and storage facilities, silo storage facilities, distillery plants, petrochemical pressure vessels, rubber dip glove factory, formalin & glue producing plants.



Continuous Sludge Tank in the Palm Oil Mill



Suburmas Palm Oil Mill



Booster Pump Skid for Petronas

MAJOR PROJECTS

The major projects undertaken by MES over the years are as follows :-

Description of Project	Contract Value (RM'mil)	Name of Client
Expansion of sugar factory from 8,000 TCD to 10,000 TCD	30.4	PT Gula Putih Mataram
Design, supply and construct a Biostil Continuous Fermentation Ethanol Plant of 50,000 kilolitre per year	49.4	PT Indolampung Distillery
Design, supply, construct, install and commission an Adhesive Plant and installation of a Formalin Plant	11.0	Petanak Enterprise Sdn Bhd
Expansion of flour mill	26.0	FFM Berhad
Design, supply, construct, install and commission several palm oil mills ranging from 30 tonne/hr to 120 tonne/hr FFB Palm Oil Mills	190.0	PPB Oil Palms Bhd Group
Manufacture of pressure vessels, heat exchanger and distillation column for a polyethylene plant	9.3	Mitsui Engineering and Shipbuilding Co. Ltd
Construction of a 60/120 tonne/hr FFB Palm Oil Mill	23.9	RH Selangau Sdn Bhd
Turnkey construction of a 17-line rubber dip glove factory	45.8	PT Healthcare Glovindo

AREAS OF ACHIEVEMENT BY MES

i. *Manufacture of Heat Exchangers*

In its foray to manufacture heat exchanger equipments and pressure vessels, MES had to comply with several stringent requirements and standards imposed by DOSH (Department of Occupational, Safety and Health) in the initial stage before being awarded the license to manufacture pressure vessels in November 2002. In 2003, MES successfully completed the design and supply of Heat Exchangers for Shell Refinery in Brunei.



Workshop Fabrication of Equipment



MES's office in Subang Jaya

ii. *Introduction of oil palm biomass as fuel for co-generation*

Sensitive to the concerns of the government on the environmental impact and the potential business prospects of oil palm wastes, MES embarked on the research and development of the commercial application of oil palm biomass in 2001.

The research and development on the utilization of empty fresh fruit bunches as fuel for a backend co-generation plant to complement the power plant in the palm oil mill complex, has been successfully completed. The additional power generated was channeled to drive mechanical ancillaries to process other by-products and supply electricity for the staff housing and mill complex. This renewable source of energy replaces diesel as fuel substitute.

A pilot project was initiated to process empty fruit bunch into compost as soil conditioners and was successfully completed.

These two projects were undertaken at the Saremas II Palm Oil Mill, Sarawak.

EXPANSION AND DEVELOPMENT PLANS

MES is poised to promote the utilisation of biomass as fuel for a backend co-generation plant in the oil palm industry. Field trials and studies are being conducted in the application of effluent discharge from mill operations onto empty bunch fibres to enhance composting.

In its continuous effort to increase efficiency with minimal manpower in the palm oil mill operations, MES has been conducting feasibility studies on the introduction of automation for the various milling processes.

To simplify mechanical handling and increase operational efficiency, MES is developing a vertical sterilizer for the next palm oil mill project.

Mindful of the increasing labour costs, MES is progressively mechanizing its workshop operations to undertake high-end equipment fabrication works. One of the steps taken by MES was the acquisition of a computer numeric control milling and drilling machine for fast track machining as well as other intricate and precision works.

OPENING OF GSC CINEPLEX, BERJAYA TIMES SQUARE, KUALA LUMPUR



On 27 January 2005, Golden Screen Cinemas Sdn Bhd (GSC) officially opened its 9-screen cineplex at Berjaya Times Square, Kuala Lumpur for business with a simple ribbon cutting ceremony by GSC's Chairman, General Tan Sri Dato' Mohd Ghazali Seth and Berjaya Group Director, Encik Azlan Meah bin Hj Ahmed Meah.

A rousing and colourful lion dance performance was present to herald the state-of-the-art cinema and also the Chinese Lunar New Year of the Rooster with the invited guests.

The RM22.0 million GSC Berjaya Times Square marks the 17th GSC cineplex in Malaysia and the first GSC cinema located in downtown Kuala Lumpur. This cineplex is a 50:50 joint venture between GSC and Berjaya Times Square Sdn Bhd, the owners of Berjaya Times Square.



GSC Berjaya Times Square with a total of 1,570 seats scored another first with the introduction of a 48-seater Premiere Class Hall in Klang Valley and with this latest opening, GSC's brand of cinema entertainment is now available in 17 locations nationwide through 95 screens. The Premiere Hall features wide-backed twin seats with generous leg room to provide viewing comfort to its patrons with an attached lounge to allow patrons to relax and enjoy refreshments before and after the movie.

In its pre-opening celebrations, GSC Berjaya Times Square offered free screenings to the general public for five consecutive days. The ever popular trilogies of recent blockbusters "The Lord of the Rings Trilogy" and "The Infernal Affairs Trilogy" were screened for a limited period at special ticket prices as part of the opening activities.

During the opening week, plenty of goodies were given away with ticket purchases including wrist pouches and "Seoul Raiders" pocket calendars.





On 3 March 2005, PPB Group Berhad held its annual Press Briefing at Wisma Jerneh, Kuala Lumpur to present the results of PPB Group for the financial year ended 31 December 2004. Members of the press from leading local news publications and TV stations attended the Briefing.

The Executive Chairman of PPB, Datuk Oh Siew Nam and the Group's management team dealt with the numerous questions posed by journalists on the final results and latest developments of the Group.

Group financial highlights of PPB for year 2004 compared to year 2003 are summarised as follows :-

- Revenue rose by 18% or RM1.680 billion to RM11.000 billion.
- Profit before tax improved to RM733.51 million from RM707.36 million, up 3.7%.
- Net profit grew by 7.9% year-on-year to RM400.66 million from RM371.25 million.
- Net tangible assets per share improved by 10% to RM6.62 from RM6.02.



The KLCI started the year on a promising note to touch a 31/2 year high of 940.9 points in mid-January driven by foreign fund inflows on speculations of a revaluation of the Ringgit but retreated following the hike in oil prices to a 4-month high of USD51/barrel in February.

Investor sentiments remained cautious with the announcements of lower corporate earnings for the 4th Quarter of 2004 and was further aggravated with the surge in oil prices to a new record high of USD56.72/barrel resulting in the KLCI closing at a 5-month low of 871.35 points on 31 March 2005, a decline of 4% from the preceding quarter.

PPB share price closed marginally lower at RM6.70 on the last trading day of the quarter compared with RM6.80 in the preceding quarter. Market capitalization of PPB shares was RM3.287 billion and its daily average volume decreased by 29.06% to 227,242 shares compared with the preceding quarter.

1ST Q 2005 4TH Q 2004 % change

PPB share price

Closing price (high)	6.95	7.05	-1.42%
Closing price (low)	6.65	6.35	4.72%
Month end closing price	6.70	6.80	-1.47%
Weighted share price	6.82	6.57	3.76%
Market capitalization (RM' million)	3,287.17	3,336.24	-1.47%

PPB share volume

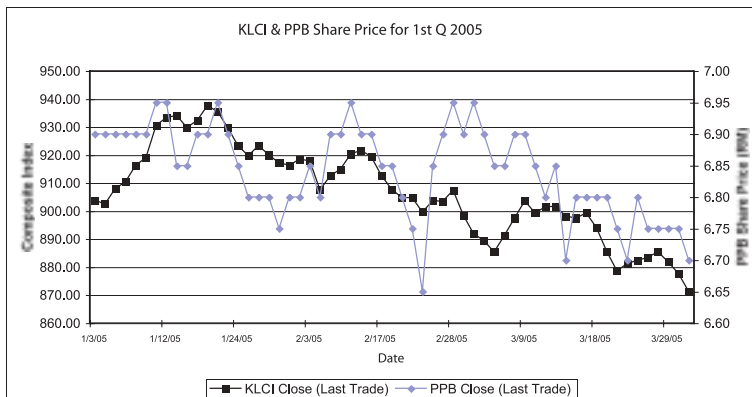
Daily volume (high)	1,015,400	1,183,800	-14.23%
Daily volume (low)	15,500	19,700	-21.32%
Average daily volume	227,242	320,334	-29.06%

Kuala Lumpur Composite Index (KLCI) share price

KLCI closing (high)	937.56	919.97	1.91%
KLCI closing (low)	871.35	848.65	2.67%
KLCI month end closing	871.35	907.43	-3.98%

Kuala Lumpur Composite Index (KLCI) share volume

Daily Volume (high)	125,727,104	197,032,992	-36.19%
Daily Volume (low)	25,111,600	19,970,400	25.74%
Average Daily Volume	72,608,666	68,247,446	6.39%



Financial period ended (All figures in RM' million)	3 months		Change %	12 months 31.12.04 Audited
	31.3.05 Unaudited	31.3.04 Unaudited		
INCOME STATEMENT				
Revenue	2,584.422	2,578.036	0.25	10,999.682
Profit from operations	136.471	141.089	-3.27	601.970
Profit before taxation	154.700	184.533	-16.17	733.508
Net profit	86.981	97.905	-11.16	400.664
BALANCE SHEET				
<i>Current assets</i>				
Inventories	818.394	945.463	-13.44	950.604
Trade receivables	530.481	451.109	17.59	498.194
Cash, bank balances and deposits	605.095	673.652	-10.18	537.728
Others	350.527	396.466	-11.59	360.555
Total current assets	2,304.497	2,466.690	-6.58	2,347.081
<i>Current liabilities</i>				
Trade payables	347.851	343.520	1.26	281.896
Short term bank borrowings	254.882	443.124	-42.48	358.232
Others	242.873	274.635	-11.57	292.474
Total current liabilities	845.606	1,061.279	-20.32	932.602
<i>Non-current assets</i>				
Property, plant and equipment	2,671.899	2,489.665	7.32	2,642.271
Associates	601.579	552.216	8.94	598.741
Jointly controlled entities	38.638	38.857	-0.56	38.867
Other investments	452.248	407.350	11.02	452.320
Goodwill	34.163	36.617	-6.70	34.687
Others	21.239	25.286	-16.00	19.945
Total non-current assets	3,819.766	3,549.991	7.60	3,786.831
<i>Non-current and deferred liabilities</i>				
Long term bank borrowings	156.444	95.171	64.38	149.751
Others	317.878	268.348	18.46	312.076
Total non-current and deferred liabilities	474.322	363.519	30.48	461.827
Minority interest	801.543	1,512.664	-47.01	779.395
Share capital	592.750	490.623	20.82	592.750
Reserves	3,410.042	2,588.596	31.73	3,367.338
Shareholders' equity	4,002.792	3,079.219	29.99	3,960.088
RATIOS				
Return on net assets	(%)	2.96	3.74	14.15
Return on equity	(%)	2.17	3.18	10.12
Earnings per share	(sen)	14.67	19.96	75.80
Profits before tax over revenue	(%)	5.99	7.16	6.67
Interest coverage	(times)	41.59	51.09	49.59
Current ratio	(times)	2.73	2.32	2.52
Long Term Debt/Equity	(%)	3.91	3.09	3.78
Net tangible assets per share	(RM)	6.70	6.20	6.62
Net dividend per share	(sen)	-	-	23.70
STOCK MARKET INFORMATION				
Share price	(RM)	6.70	7.80	6.80
Market capitalisation	(RM million)	3,971.43	3,826.86	4,030.70
PE ratio (annualised)	(times)	11.42	9.77	8.97

23
february

Release of 4th Quarter Report for the year ended 31 December 2004.

PPB proposed a 1 for 1 bonus issue of 592,749,941 new ordinary shares of RM1.00 each and an increase in the authorised share capital from RM1 billion to RM2 billion in the Company.

Kuala Lumpur, 26 May 2005 – PPB Group Berhad reported an unaudited pre-tax profit of RM154.7 million for the first quarter of 2005, 16% lower than the RM184.5 million recorded for the same period last year.

Group revenue rose marginally by RM6.4 million to RM2.584 billion from RM2.578 billion mainly due to higher FFB production and sales volume of edible oils.

The lower profit for the first quarter was principally due to lower contributions from sugar refining, grains trading, flour and feed milling divisions which were affected by the higher raw material prices and ocean freight rates. Its oil palm plantation operations maintained its profit performance despite lower CPO prices due to higher FFB production which increased by 32.3% to 315,173 tonnes compared with the first quarter last year. The edible oils refining operations recorded significantly higher profits of RM34.4 million, up 87.2% due to higher sales volume. Other activities namely, livestock farming, packaging, film exhibition, shipping and manufacturing also recorded higher profits. The property investment and development divisions' profit was reduced accordingly as most of the completed residential units have been sold. The associated company engaged in commodity trading registered lower profits due to difficult trading conditions.

Net profit reduced by 11.2% to RM86.9 million from RM97.9 million representing an earnings per share of 14.67 sen compared with 19.96 sen for the first quarter of last year.

CORPORATE DEVELOPMENTS

Bursa Malaysia Securities Berhad (“Bursa Securities”) has on 24 May 2005 approved in-principle the additional listing of 592,749,941 new ordinary shares of RM1.00 each in PPB to be issued pursuant to the 1 for 1 bonus issue. On the same date, the Board announced that the entitlement date for the bonus issue be fixed on Friday, 10 June 2005. The new PPB shares are expected to be listed by end-June 2005.

PROSPECTS FOR THE YEAR

In a statement to the Bursa Securities this evening, the Company expects crop production to increase while CPO prices remain uncertain based on the current trend. Assuming prices stay at current levels, contribution from the oil palm plantation division may not match that of the previous year. The Group’s other business operations are expected to perform as in the previous year. However, contributions from associates are unpredictable due to volatile trading conditions. Overall, it is envisaged that the Group performance for the year will remain satisfactory.

(The figures have not been audited)

	Individual Quarter 3 months ended 31 MARCH		Cumulative Quarter 3 months ended 31 MARCH	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	2,584,422	2,578,036	2,584,422	2,578,036
Operating expenses	(2,451,351)	(2,446,080)	(2,451,351)	(2,446,080)
Other operating income	3,400	9,133	3,400	9,133
Profit from operations	136,471	141,089	136,471	141,089
Net profit from investing activities	6,859	7,151	6,859	7,151
Share of associated companies' profits less losses	15,303	39,977	15,303	39,977
Share of jointly controlled entities' profits less losses	(122)	-	(122)	-
Finance costs	(3,811)	(3,684)	(3,811)	(3,684)
Profit before taxation	154,700	184,533	154,700	184,533
Taxation	(45,969)	(43,379)	(45,969)	(43,379)
Profit after taxation	108,731	141,154	108,731	141,154
Minority interest	(21,750)	(43,249)	(21,750)	(43,249)
Net profit for the period	86,981	97,905	86,981	97,905

Earnings per share (sen) :-

(a) Basic earnings per ordinary share	14.67	19.96	14.67	19.96
(b) Diluted earnings per ordinary share	-	-	-	-

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to this report.)

	As at 31 MAR 2005 RM'000 (Unaudited)	As at 31 DEC 2004 RM'000 (Audited)
Property, plant and equipment	2,671,899	2,642,271
Land held for property development	13,506	12,691
Investment in associated companies	601,579	598,741
Investment in jointly controlled entities	38,638	38,867
Long term investments	452,248	452,320
Goodwill on consolidation	34,163	34,687
Deferred tax assets	7,733	7,254
Current Assets		
Inventories	818,394	950,604
Property development costs	21,584	18,719
Receivables	859,424	840,030
Cash, bank balances and deposits	605,095	537,728
	<u>2,304,497</u>	<u>2,347,081</u>
Current Liabilities		
Payables	562,119	541,682
Short term borrowings	254,882	358,232
Taxation	28,605	32,688
	<u>845,606</u>	<u>932,602</u>
Net Current Assets	<u>1,458,891</u>	<u>1,414,479</u>
	<u>5,278,657</u>	<u>5,201,310</u>
Financed by :		
Share Capital	592,750	592,750
Reserves	3,410,042	3,367,338
Shareholders' equity	<u>4,002,792</u>	<u>3,960,088</u>
Minority interest	801,543	779,395
Long term borrowings	156,444	149,751
Reserve on consolidation	25,121	25,409
Deferred tax liabilities	292,757	286,667
	<u>5,278,657</u>	<u>5,201,310</u>
Net tangible assets per share (sen)	670	662

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to this report.)

	Non-distributable Reserves								
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Sub- total RM'000	Retained profits RM'000	Dividends RM'000	Total RM'000
<u>3 months ended</u>									
<u>31 March 2005</u>									
At 1 January 2005	592,750	526,874	164,674	31,024	152,282	347,980	2,449,806	42,678	3,960,088
Net (losses)/gains not recognised in the income statement	-	-	-	(1,660)	61	(1,599)	-	-	(1,599)
Net profit for the period	-	-	-	-	-	-	86,981	-	86,981
Transfer of reserves	-	-	(536)	-	154	(382)	382	-	-
Dividends	-	-	-	-	-	-	-	(42,678)	(42,678)
At 31 March 2005	<u>592,750</u>	<u>526,874</u>	<u>164,138</u>	<u>29,364</u>	<u>152,497</u>	<u>345,999</u>	<u>2,537,169</u>	<u>-</u>	<u>4,002,792</u>
<u>3 months ended</u>									
<u>31 March 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	-	-	-	(3,332)	(3,381)	(6,713)	-	-	(6,713)
Net profit for the period	-	-	-	-	-	-	97,905	-	97,905
Transfer of reserves	-	-	(424)	-	-	(424)	424	-	-
At 31 March 2004	<u>490,623</u>	<u>21,128</u>	<u>87,930</u>	<u>33,426</u>	<u>140,649</u>	<u>262,005</u>	<u>2,305,463</u>	<u>-</u>	<u>3,079,219</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 2004 and the accompanying explanatory notes attached to this report.)

	3 months ended 31 March	
	2005 RM'000	2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	154,700	184,533
Adjustments :-		
Non-cash items	23,294	(2,095)
Non-operating items	(141)	(929)
Operating profit before working capital changes	177,853	181,509
Working capital changes		
Net change in current assets	116,209	(157,592)
Net change in current liabilities	23,298	27,803
Cash generated from operations	317,360	51,720
Tax paid	(32,849)	(40,982)
Net cash generated from operating activities	284,511	10,738
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(71,646)	(40,692)
Proceeds from disposal of property, plant and equipment	2,860	1,075
Investment in subsidiary companies	(41)	(1,830)
Investment in associated companies	-	(25)
Investment in jointly controlled entities	-	(11,310)
Proceeds from disposal of an associated company	834	-
Advances to associated companies	(8,583)	(67,275)
Dividend received from investments	4,936	1,720
Interest received	3,230	3,288
Other investing activities	268	7,437
Net cash used in investing activities	(68,142)	(107,612)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	1,069	-
Bank borrowings	(98,185)	59,586
Interest paid	(3,811)	(3,601)
Dividends paid	(42,678)	(12,345)
Other financing activities	(5,433)	(340)
Net cash (used in)/generated from financing activities	(149,038)	43,300
Net increase/(decrease) in cash and cash equivalents	67,331	(53,574)
Cash and cash equivalents at 1 January	528,892	715,636
Effect of exchange rate changes	81	(301)
Cash and cash equivalents at 31 March	596,304	661,761

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to this report.)

A. FRS (Financial Reporting Standards) 134 - Paragraph 16

A1. Accounting policies

The interim financial statements of the Group 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 2004, and comply with the requirements of FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of 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.

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 financial period ended 31 March 2005 :

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	198,511	190,125	1,934,722	30,864
Inter-segment sales	-	13,033	25,497	105,307
Total revenue	<u>198,511</u>	<u>203,158</u>	<u>1,960,219</u>	<u>136,171</u>
RESULT				
Segment operating results	29,420	8,453	34,354	39,307
Unallocated corporate expense				
Profit from operations				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	(1,665)	2,627	5,522	295
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:-

The Company has at its Extraordinary General Meeting held on 12 May 2005 approved the proposed 1 for 1 Bonus Issue of 592,749,941 new ordinary shares of RM1.00 each in the Company credited as fully paid-up (Bonus Issue) and the increase in 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 each. Bursa Malaysia Securities Berhad has on 24 May 2005, approved in-principle the additional listing of the 592,749,941 new ordinary shares of RM1.00 each to be issued pursuant to the Bonus Issue. The entitlement date for the Bonus Issue has been fixed on Friday, 10 June 2005.

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 18 May 2005, PPB Oil Palms Berhad ("PPBOP"), a 55.6% subsidiary company of PPB acquired a 100% equity interest in Frissor Limited ("Frisor"), a limited company incorporated in the British Virgin Islands ("BVI"), for a cash consideration of USD651/-. Frissor in turn owns the entire issued and paid-up share capital of Richdelta Pte Ltd ("Richdelta"), a limited company incorporated in Singapore. Both Frissor and Richdelta are presently dormant.
- (b) On 25 April 2005, Johor Bahru Flour Mill Sdn Bhd, a 100% indirect subsidiary company of PPB acquired the entire issued and paid-up share capital comprising 1 ordinary share of S\$1.00 each in Cloverdale Trading Pte Ltd ("Cloverdale") for a total cash consideration of S\$980/-, making Cloverdale an indirect subsidiary of PPB. Cloverdale is currently dormant and will undertake the manufacturing, marketing and distribution of wheat flour and related products in Singapore.
- (c) On 3 March 2005, PPB entered into a share sales agreement to dispose of its entire 33.33% equity interest in Global Entertainment & Management Systems Sdn Bhd, comprising 100,000 ordinary shares of RM1.00 each for RM4.289 million. The transaction was completed on 11 March 2005.
- (d) On 12 January 2005, Rimkus Limited, a wholly-owned subsidiary company of PPB Oils Palms Berhad incorporated in BVI, acquired 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 Rp600 million (RM246,088). MSM, which is incorporated in Indonesia, has obtained the 'Kadestral map' (ie boundary approval) for about 16,867 hectares of land in Central Kalimantan which is proposed to be developed into an oil palm plantation.
- (e) 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.
- (f) Narwa Sdn Bhd, a 66.6% indirect subsidiary of the Company, was placed under Members' Voluntary Winding-up on 17 December 2003. The liquidation has been completed.
- (g) Jasa Karya Sdn Bhd ("JKSB"), a wholly-owned dormant subsidiary company PPBOP, has been placed under Members' Voluntary Winding-up on 3 November 2004. The liquidation is still in progress.

- (h) 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.
- (i) 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.

A12. Changes in contingent liabilities or contingent assets

The were no changes in guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 31 March 2005.

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**

The Group achieved a revenue of RM2.584 billion, maintaining its performance at a similar level as that of the first quarter of 2004. The higher FFB production and sales volume of edible oils have off-set the effect of lower palm product prices in the first quarter of this year.

Group profit before tax of RM155 million was 16% lower compared to RM185 million in the same quarter last year. The sugar refining, grains trading, flour and feed milling divisions recorded lower profits due to higher raw material prices and ocean freight rates. The oil palm plantations division maintained its profits with higher FFB production whilst the edible oil refining, livestock farming, packaging and film exhibition divisions achieved higher profits. The shipping and manufacturing divisions classified under other operations also recorded improvements in profits. The property investment and development divisions' profit was reduced accordingly as most of the completed residential units have been sold. The associated company engaged in commodity trading registered lower profits due to difficult trading conditions.

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 RM155 million was 25% lower compared with RM207 million for the preceding quarter. Profits from the plantation operations were lower due to lower CPO prices and crop production in line with the natural cropping pattern.

In addition, there was a non-operating profit from the sale of other quoted investment in the previous quarter.

B3. Prospects for current financial year

Crop production for the year is expected to increase while CPO prices remain uncertain based on the current trend. Assuming prices stay at current levels, contributions from the oil palm plantation division may not match that of the previous year. The Group's other business operations are expected to perform as in the previous year. However, contributions from the associates are unpredictable due to volatile trading conditions. Overall, it is envisaged that the Group performance for the year will remain satisfactory.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 31 Mar 2005 RM'000	Cumulative Quarter 3 months ended 31 Mar 2005 RM'000
Malaysian taxation based on profit for the period:-		
Current	33,498	33,498
Deferred	4,766	4,766
Share of taxation of associated companies	2,158	2,158
	40,422	40,422
Foreign taxation		
Current	1,129	1,129
Deferred	63	63
Share of taxation of associated companies	3,769	3,769
	45,383	45,383
(Over)/under provision		
Current	(182)	(182)
Deferred	768	768
	45,969	45,969

The effective tax rate is higher than the statutory rate mainly due to losses incurred by companies within the Group that were not able to offset against taxable profits in other companies and the non-deductibility of certain expenses for tax purpose.

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 RM2.285 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 Mar 2005 RM'000	Cumulative Quarter 3 months ended 31 Mar 2005 RM'000
Total cost of purchases	6	6
Total proceeds from disposals	18	18
Profit on disposal	18	18

(b) Total investments in quoted securities as at 31 March 2005 are as follows:-

At cost	441,136
At book value	437,976
At market value	698,672

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 March 2005 are as follows:-

	RM'000	RM'000	RM'000
	Total	Secured	Unsecured
Long term bank loans	14,250	-	14,250
Long term bank loans (USD)	117,261	-	117,261
Long term bank loans (SGD)	2,868	2,868	-
Long term bank loans (RMB)	22,440	-	22,440
Hire purchase liabilities	1,321	1,321	-
Repayments due within the next 12 months	(1,696)	(1,160)	(536)
	<u>156,444</u>	<u>3,029</u>	<u>153,415</u>
Short term bank borrowings			
Bills payable	173,695	-	173,695
Bills payable (SGD)	2,410	-	2,410
Short term loans	30,500	-	30,500
Short term loans (USD)	35,500	-	35,500
Short term loans (RMB)	2,290	-	2,290
Current portion of long term loans	910	374	536
Hire purchase liabilities	786	786	-
	<u>246,091</u>	<u>1,160</u>	<u>244,931</u>
Bank overdrafts	7,227	-	7,227
Bank overdrafts (SGD)	1,564	-	1,564
	<u>254,882</u>	<u>1,160</u>	<u>253,722</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 20 May 2005, the Group has hedged outstanding foreign currency contracts of USD131.028 million equivalent to RM497.455 million. These contracts are short term and majority are due to mature within the next two 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.

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 20 May 2005.

B11. Material litigation

As previously reported, a 70% owned subsidiary of PPB Oil Palms Berhad, Suburmas Plantations Sdn Bhd, had submitted a claim for RM77.3 million on about 2,176 hectares of land compulsorily acquired by the Sarawak State Government. The claim has been filed at the High Court, Bintulu. However, the date of hearing has not been fixed.

B12. Dividend

The Final Dividend for the financial year ended 31 December 2004 was approved by shareholders at the Company's 36th Annual General Meeting held on 12 May 2005 and will be paid on Monday, 30 May 2005.

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

Dividends Paid / Declared

Dividends paid and declared for financial year 2004 and up to the date of this report are as follows :-

Financial Year	Type	Rate	Payment Date
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 592,749,941 (2004: 490,623,124) ordinary shares in issue during the period.

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 May 2005

By Order of the Board
Tan Teong Boon
Company Secretary

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STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Board)
Sector : Consumer Products
Stock Number : 4065
ISIN : MYL4065OO008
Reuters Code : PEPT.KL

BOARD OF DIRECTORS

Datuk Oh Siew Nam
Executive Chairman

Dato' Lim Chee Wah
Deputy Chairman

Tan Yew Jin
Non-Independent Executive Director

Dato Sri Liang Kim Bang
Independent Non-Executive Director

Ang Guan Seng
Non-Independent Non-Executive Director

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

Tan Gee Sooi
Non-Independent Non-Executive Director

Datuk Harun bin Din
Independent Non-Executive Director

Datuk Rajasingam a/l Mayilvaganam
Independent Non-Executive Director

AUDIT COMMITTEE

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Datuk Harun bin Din

Datuk Rajasingam a/l Mayilvaganam

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