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PPB GROUP BERHAD

INVESTOR UPDATE

2nd QUARTER REPORT
30 JUNE 2005

PPB OIL PALMS BERHAD - OIL PALM PLANTATIONS

BACKGROUND

The oil palm plantation operations of the PPB Group started in the mid-1980s with the development of its first estate in Sarawak. The following year, it expanded into Sabah. PPB Oil Palms Berhad (PPBOP) was incorporated in Malaysia on 31 January 1996 under the Companies Act, 1965 as a public limited company to acquire the issued and paid-up share capital of seven plantations and two refinery companies owned by the PPB Group.

The merger resulted in a fully integrated palm oil operation in East Malaysia with enhanced economies of scale and greater synergy. PPBOP was listed on the then Kuala Lumpur Stock Exchange on 12 August 1997 to tap the capital market and to offer the investment community an opportunity to participate in a viable and dynamic plantation entity. The 2 refineries were subsequently merged with those of the PGEO Group in late-2000.

OVERVIEW OF BUSINESS

PPBOP owns and operates 24 plantation companies with a total land bank of 210,854 ha, and 9 CPO mills with a combined processing capacity of 2.0 million mt of FFB per annum in East Malaysia and Indonesia. Of its total land bank, 38% is located in East Malaysia whilst the balance of 62% is located in Indonesia. The majority of its land bank in Indonesia is in Central Kalimantan except for 10,216 ha located in West Sumatra. The land in Sumatra is fully developed and in production. The remaining 6,000 ha of land suitable for oil palm cultivation in East Malaysia would be fully developed by 2005/2006.

The distribution of its land bank by land use is summarized in Table 1.

TABLE 1

PPBOP's Land Bank, 2004 - By Land Use

Land Use	Area (Ha)		
	East Malaysia	Indonesia	Total
Mature	53,829	7,948	61,777
Immature	7,220	10,114	17,334
Total Planted	61,049	18,062	79,111
Undeveloped	6,033	84,351	90,384
Unplantable	12,935	28,424	41,359
Total	80,017	130,837	210,854

PRODUCTION OF PALM PRODUCTS

PPBOP produced 1.3 million mt of FFB from its plantations and processed 1.6 million mt of FFB in 2004. Total CPO and PK produced in 2004 were 340,000 mt and 70,000 mt, respectively. We expect PPBOP's production of FFB to grow at a compound rate of 10% per annum over the next few years.

SIGNIFICANT EVENTS

PPBOP acquired 67,255 ha of land in Central Kalimantan for oil palm cultivation in 2004 and in early 2005, which increased its total land bank in Central Kalimantan to 120,621 ha.

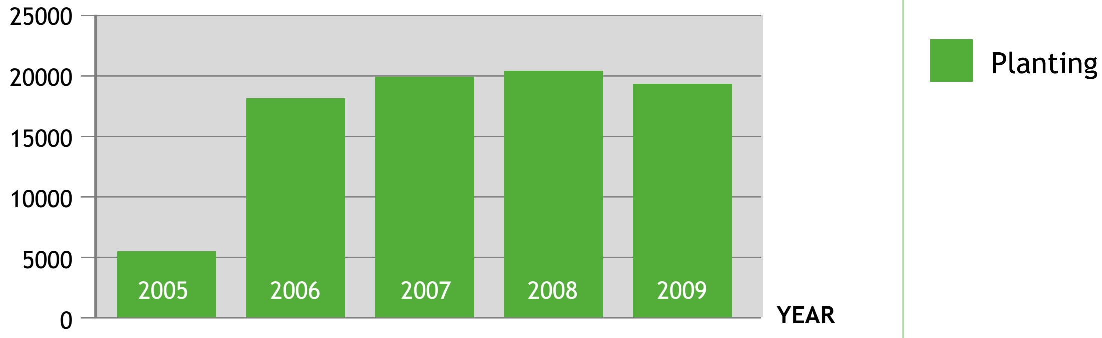
PPBOP's oil palm investments in Indonesia are undertaken after detailed and careful assessment of the country's risks and political climate, and screening of technical and economic factors that would improve PPBOP's competitiveness and efficiency as a major crude palm oil producer. The climate and soils in Indonesia are in many ways comparable to PPBOP's operations in East Malaysia, with the added advantage of gentle terrain and abundant work force.

During the first half of 2005, PPBOP commissioned its ninth 40-tph CPO mill at Sri Kamusan, Sabah. This mill is the first PPBOP mill to incorporate a composting plant, which eliminates the discharge of treated mill effluent into waterways, compared to conventional mills.

EXPANSION PLANS

Over the next five years, management will focus on its expansion programme in Central Kalimantan to develop about 10,000 to 20,000 ha of oil palms per annum. The planned future expansion in Central Kalimantan is shown in Chart 1.

HECTARES **CHART 1**



EXPANSION IN CENTRAL KALIMANTAN

OIL PALM PLANTATIONS (CONT'D)

COMPANY STRENGTHS

PPBOP is a highly focused plantation company producing high quality, sustainable CPO.

PPBOP has one of the youngest palm age profiles in the industry, averaging 9 years old, with a large proportion of their palms in the prime production age (Chart 2 & Table 2). The old palms, which form about 3% of the total plantings, are being replanted with high-yielding seeds and clonal planting materials.

TABLE 2

Age Profile Of Palms, 2004 - By Category

Palm Age (Yrs)	Area (Ha)	%
Immature	17,334	22%
Young	15,157	19%
Prime	44,236	56%
Old	2,384	3%
Total	79,111	100%

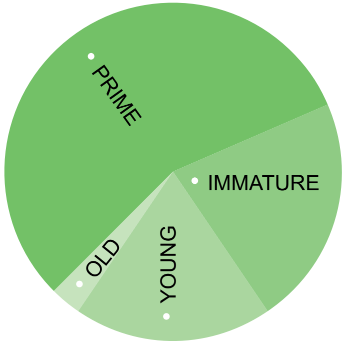


CHART 2

PPBOP prides itself as one of the most efficient CPO producers in Malaysia. PPBOP's strategy to expand to Central Kalimantan, and replant its plantations in East Malaysia with high yielding clonal palms, will average down its production cost. PPBOP's philosophy is to maximise its resource utilization to enhance operational efficiency and lower production cost. To-date, PPBOP has planted more than 3,000 ha of high-yielding clonal palms in its plantations, of which over 1,000 ha are mature.

PPBOP will maintain its current management style and corporate culture to produce sustainable palm oil efficiently. PPBOP is constantly fine-tuning its operations and instituting good estate practices like "Empty Fruit Bunches (EFB) mulching" (ie. returning EFB back to the field). Mulching improves ground conditions by retaining moisture in the soil and preventing weeds from growing as well as reduces fertilizer application. Other practices include setting up weevil hatcheries to increase pollination and boost fruit setting to increase productivity and reduce cost; and mechanization to increase worker productivity, ensure timely delivery of FFB to the mills and improve overall efficiency.

GSC, 1 UTAMA (NEW WING) NOW OPENS

On 23 June 2005, Golden Screen Cinemas (GSC) officially launched its 18th multiplex at 1 Utama New Wing, Petaling Jaya with a ribbon cutting ceremony by GSC's Chairman, General ® Tan Sri Dato' Mohd Ghazali Seth and Tan Sri (Dr) Dato Teo Soo Cheng, Group Chairman of See Hoy Chan Holdings Berhad.

With the opening of the 13-screen multiplex of 2,168 seats, movie goers in the Klang Valley are able to enjoy a wider choice of blockbuster movies complete with the latest state-of-the-art sound and projection equipment, specially designed wide-back seats and generous leg rooms to provide the extra comfort to movie goers. GSC 1 Utama also offers THX halls, a 30-seater Gold Class and International Screens. These facilities are to further complement the lifestyle of movie goers today and enhance the movie-going experience.

This new multiplex is the first GSC cinema to provide accessibility for wheelchair-bound patrons with special facilities such as special ramps for easy access as well as a hydraulic lift which will be available in September 2005. Each hall except for the Gold Class offers 2 seats for the wheelchair-bound patrons.

With an investment of RM24.0 million, GSC 1 Utama (New Wing) is GSC's second flagship cinema in Klang Valley after its 18-screen multiplex in Mid Valley. The opening of GSC 1 Utama reinforces GSC's position as the largest nationwide chain in the country with 108 screens and 23,924 seats.

The 2nd FFM Roti Canai Challenge Malaysia 2005

The 2nd FFM Roti Canai Challenge which commenced on 7th of May in Plaza Angsana, Johor Bahru, successfully ended with the Grand Finals on 31st July in Sungei Wang Plaza, Kuala Lumpur. The event organised by FFM Berhad, a wholly-owned subsidiary of PPB Group Berhad, was specially created as a synergistic platform to promote institutional wheat flour usage amongst Roti Canai makers.

With 7 State Championships held throughout the nation, from Johor Bahru to Penang and from Kuala Lumpur to Kota Bharu, the event witnessed over 200 Roti Canai makers tossing, flinging and frying their way to a spot in the Grand Finals for a chance to win the coveted title of Super Roti-Man 2005 which carried a grand prize of RM12,000. Overall, the competition offered a total of more than RM250,000 in cash and prizes.

At the Grand Finals, all 14 contestants were judged on their Technical Skills and Showmanship. Under Technical Skills, the contestants were assessed on their Basic Roti Canai Making Skills and Recipe Creativity, Originality and Presentation whilst points given for Showmanship was based on Performance, Stage Presence and Attire. Of all the points awarded, Performance carried the highest weightage and was the deciding factor in the case of a draw.

While the main objectives of the competition were to seek the best roti canai maker in the country and to promote the institutional usage of wheat flour, it also became a platform for all contestants to encourage themselves to raise their standards and to improve their businesses which will in turn improve the standard of the industry as a whole.

Throughout the competition, contestants were taught to focus on certain aspects such as cleanliness, hygiene, product innovation and creativity. More than 70 new recipes were introduced during the competition which the contestants took home to introduce in their restaurants.

As consumers today become more sophisticated, they become more discerning in their choices and decisions. In a market place where there is very little branding for flour, FFM Berhad is on the right track to bringing awareness to its various wheat flour brands available in the market. Currently, FFM Berhad controls over 80% of the Roti Canai market through its three main flour brands, Blue Key, Pen and Anchor. Through organising such events to promote the industry, it is hoped that FFM Berhad will further strengthen its position and improve its standing amongst the roti canai-making crowd.

Tour around Group's operations

On 11th June 2005, about 40 managers and company secretaries from PPB Group of companies as well as its related company, Jerneh Insurance Berhad, participated in a tour to FFM's flour mill complex in Pulau Indah and Tego's packaging factory in Senawang, Negeri Sembilan organized by FFM Berhad.

The visit to the flour mill complex began in the morning and participants were shown the sequence of operations in the state-of-the-art flour mill complex. After a sumptuous seafood lunch, they continued their journey to Tego's factory in Senawang where guided tours were conducted with briefings on the manufacturing process of polybags. The day outing ended with a dinner at Shangri-la Hotel, Kuala Lumpur.

The visit was aimed to give members of the Group an opportunity to interact with one another as well as to have a better understanding of the flour milling and polybags manufacturing operations.

ANALYST BRIEFING

PPB held its first Analyst Briefing for the year on 27 April 2005 to review the financial performance for the year ended 31 December 2004. The Briefing was well received by analysts and fund managers and over forty of them from various local and foreign research houses and securities firms attended the Briefing.

The CEOs of PPB's subsidiary groups gave slide presentations of their respective division's performance and management focus for year 2005.

Thereafter, the Chairman together with the CEOs dealt with the numerous questions raised during the Q&A session followed by lunch.

36TH ANNUAL GENERAL MEETING

On 12 May 2005, PPB held its 36th Annual General Meeting ("AGM") at Wisma Jerneh, Kuala Lumpur which was attended by 732 shareholders and proxies.

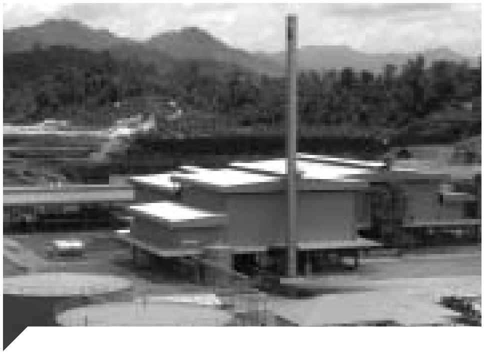
At the AGM, shareholders were encouraged to raise questions pertaining to the Group's financial results and latest developments.

PPB shareholders unanimously approved the audited financial statements for the year ended 31 December 2004 and other AGM matters. The shareholders also approved the renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading in nature.

Immediately after the AGM, an Extraordinary General Meeting of PPB was held to approve the proposed 1 for 1 Bonus Issue and the increase in PPB's authorized share capital from RM1.0 billion to RM2.0 billion.

SOFT OPENING OF SRI KAMUSAN PALM OIL MILL

On 5 May 2005, Sri Kamusan Sdn Bhd (SKSB), a 100% indirect subsidiary of PPB Group, had a soft opening of its new palm oil mill located at its estate in Sugut which is about 200 km from Sandakan, Sabah. The mill with a production capacity of 40-tonne per hour (tph) expandable to 80 tph will cater to the increasing FFB production from the Group and neighbouring estates.



Sri Kamusan Mill was constructed within a year by Minsec Engineering Services Sdn Bhd, also a 100% indirect subsidiary of PPB Group, at a total project cost of RM24.8 million.

The soft opening was attended by Mr Khoo Eng Min, Managing Director of PPB Oil Palms Berhad (PPBOP), senior management of PPBOP Group as well as representatives from its associates.

SKSB was incorporated on 24 August 1985 and its current issued and paid-up capital is RM100,000. PPBOP acquired SKSB in 1998 and commenced oil palm cultivation in the following year. Presently, the company owns a total of about 2,832 hectares of oil palm plantation in Sugut, of which 1,985 hectares are planted todate.

APM JOINT VENTURES WITH J.E.R. ENVIROTECH LTD

Asia Pacific Microspheres Sdn Bhd (APM), a 100% indirect subsidiary of PPB Group, had on 28 April 2005 entered into a joint venture with J.E.R. Envirotech Ltd through a joint venture company known as JER Envirotech Sdn Bhd (JESB) [formerly known as CQ Net Sdn Bhd], in which APM has 49% equity interest.

JESB will initially manufacture wood composite products for the US and Canadian markets. The products, which include deckings and wall boards, will be used in the housing, transportation, automotive parts and household appliances. JESB's production facility, located in Teluk Panglima Garang, Kuala Langat will be operational by January 2006. The plant will have an initial production capacity of up to 5000 mt per year.

JER is the holder of an exclusive world-wide license or patented rights with respect to certain wood-thermoplastic and composites. JER will provide technical expertise and grant exclusive manufacturing rights to JESB whilst APM will provide management and marketing support.

The joint venture with JER will broaden APM's product base in the composite industry.

APM is the only producer of phenolic thermoset microspheres in the world and 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 Asia Pacific region.

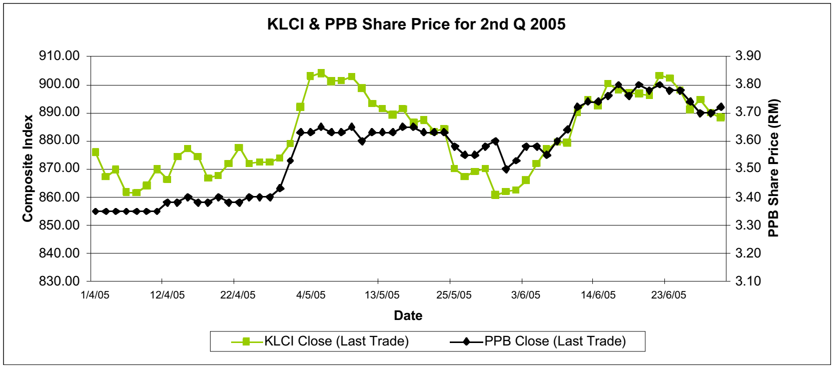
PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 2ND QUARTER 2005

The KLCI closed 16.97 points higher at 888.3 points in the second quarter, up 1.9% from the first quarter after a volatile trading period. In the 2nd Quarter, the equity market was affected by the persistent high crude oil prices, diminished expectations of the Ringgit repeg and severe selling of the speculative stocks and lower liners as a result of the withdrawal of share margin financing for these stocks. KLCI hit a 7-month low of 858.8 points in early June with selling pressures on lower liners and lack of fresh corporate leads. In mid-June, market rebounded to above 900 points before closing at 888.3 points due to the hike in oil prices which reached a record high of USD60 per barrel.

Pursuant to the 1 for 1 Bonus Issue, PPB's share capital increased to RM1,185,499,882 with the additional listing of 592,749,941 new PPB shares of RM1.00 each on Bursa Malaysia on 22 June 2005. The Bonus Issue exercise has helped improve the liquidity of PPB shares as indicated by the increase in the average daily volume of PPB shares to 640,463 from 454,485. PPB share price closed at RM3.72 and market capitalization of PPB shares rose by 11% to RM4.41 billion as at end of the 2nd Quarter.

	2ND Q 2005	1ST Q 2005	% change
PPB share price			
Closing price (high)	3.80	3.48*	9.20%
Closing price (low)	3.35	3.33*	0.60%
Month end closing price	3.72	3.35*	11.04%
Weighted share price	3.53	3.41*	3.52%
Market capitalization (RM' million)	4,410.06	3,971.42	11.04%
PPB share volume			
Daily volume (high)	1,495,000	2,030,800*	-26.38%
Daily volume (low)	62,000	31,000*	100.00%
Average daily volume	640,463	454,485*	40.92%
Kuala Lumpur Composite Index (KLCI) share price			
KLCI closing (high)	904.06	937.56	-3.57%
KLCI closing (low)	860.73	871.35	-1.22%
KLCI month end closing	888.32	871.35	1.95%
Kuala Lumpur Composite Index (KLCI) share volume			
Daily Volume (high)	109,645,904	125,727,104	-12.79%
Daily Volume (low)	37,810,900	25,111,600	50.57%
Average Daily Volume	62,247,042	72,608,666	-14.27%

* Adjusted for Bonus Issue



GROUP FINANCIAL HIGHLIGHTS

Financial period ended (All figures in RM million)		6 months 30.6.05 Unaudited	6 months 30.6.04 Unaudited	Change %	12 months 31.12.04 Audited
INCOME STATEMENT					
Revenue		5,316.786	5,396.528	-1.48%	10,999.682
Profit from operations		242.140	275.652	-12.16%	601.970
Profit before taxation		315.175	332.422	-5.19%	733.508
Net profit		188.621	171.176	10.19%	400.664
BALANCE SHEET					
Current assets					
Inventories		801.319	957.860	-16.34%	950.604
Trade receivables		555.689	520.942	6.67%	498.194
Cash, bank balances and deposits		652.092	708.546	-7.97%	537.728
Others		372.601	415.901	-10.41%	360.555
Total current assets		**2,381.701**	**2,603.249**	**-8.51%**	**2,347.081**
Current liabilities					
Trade payables		309.573	288.617	7.26%	281.896
Short term bank borrowings		306.502	563.770	-45.63%	358.232
Others		246.462	320.714	-23.15%	292.474
Total current liabilities		**862.537**	**1,173.101**	**-26.47%**	**932.602**
Non-current assets					
Property, plant and equipment		2,707.977	2,496.003	8.49%	2,642.271
Associates		608.837	539.484	12.86%	598.741
Jointly controlled entities		38.736	38.809	-0.19%	38.867
Other investments		416.066	407.024	2.22%	452.320
Goodwill		34.286	36.087	-4.99%	34.687
Others		9.872	25.965	-61.98%	19.945
Total non-current assets		**3,815.774**	**3,543.372**	**7.69%**	**3,786.831**
Non-current and deferred liabilities					
Long term bank borrowings		165.322	109.769	50.61%	149.751
Others		322.133	273.202	17.91%	312.076
Total non-current and deferred liabilities		**487.455**	**382.971**	**27.28%**	**461.827**
Minority interest		**789.614**	**1,509.970**	**-47.71%**	**779.395**
Share capital		1,185.500	490.623	>100%	592.750
Reserves		2,872.369	2,589.956	10.90%	3,367.338
Shareholders' equity		**4,057.869**	**3,080.579**	**31.72%**	**3,960.088**
RATIOS					
Return on net assets	(%)	5.96	6.70		14.15
Return on equity	(%)	4.65	5.56		10.12
Earnings per share *	(sen)	15.91	17.44	-8.75%	37.90
Profits before tax over revenue	(%)	5.93	6.16		6.67
Interest coverage	(times)	41.93	41.64	0.70%	49.59
Current ratio	(times)	2.76	2.22	24.32%	2.52
Long Term Debt/Equity	(%)	4.07	3.56		3.78
Net tangible assets per share *	(RM)	3.39	3.11	9.18%	3.31
Net dividend per share #	(sen)	3.60	8.60		23.70
STOCK MARKET INFORMATION					
Share price *	(RM)	3.72	3.25	14.46%	3.40
Market capitalisation	(RM million)	4,410	3,189	38.29%	4,031
PE ratio (annualised)	(times)	11.69	9.31		8.97

* the following comparatives have been adjusted for the effect of 1 for 1 bonus issue on 22 June 2005.
# net dividend per share for the period ended 30 June 2005 is based on the enlarged share capital after bonus issue.

25 APRIL	Johor Bahru Flour Mill Sdn Bhd, a 100% indirect subsidiary of PPB, acquired the entire issued and paid-up share capital of 1 ordinary share of S$1.00 each in Cloverdale Trading Pte Ltd ("Cloverdale") for a total cash consideration of S$980. Cloverdale will undertake the manufacturing, marketing and distribution of wheat flour and related products in Singapore.
12 MAY	Datuk Harun bin Din was appointed as an Independent and Non-Executive Director of PPB.
16 MAY	Datuk Rajasingam a/l Mayilvaganam was appointed as an Independent and Non-Executive Director and a member of the Audit Committee of PPB. Datuk Harun bin Din was appointed a member of the Audit Committee of PPB.
26 MAY	Release of 1st Quarter Report for the period ended 31 March 2005.
20 JUNE	Listing and quotation of PPB's additional 592,749,941 new ordinary shares of RM1.00 each on 22 June 2005 pursuant to the 1 for 1 Bonus Issue.

PPB GROUP BERHAD'S FINANCIAL RESULTS
for the 6 months ended 30.06.2005

Kuala Lumpur, 25 August 2005 – PPB Group Berhad posted an unaudited pre-tax profit of RM315.2 million for the six months ended 30 June 2005 which was 5.2% lower than the RM332.4 million recorded for the same period last year.

Net profit grew by 10.2% to RM188.6 million from RM171.2 million due to lower minority interest resulting from the privatization of FFM Berhad in August 2004. Earnings per share over the enlarged share capital stood at 15.91 sen compared with 17.44 sen for the corresponding period last year.

Group revenue reduced marginally by 1.5% to RM5.317 billion from RM5.397 billion mainly due to lower CPO and refined palm product prices realized.

BALANCE SHEET

The Group's balance sheets continued to strengthen and shareholders' funds grew to RM4.058 billion as at 30 June 2005 from RM3.960 billion. Net tangible assets per share appreciated to RM3.39 from RM3.31. With a strong cashflow from operations, the Group's net cash position improved to RM180.3 million from RM29.7 million.

REVIEW OF RESULTS

The lower profit for the six months ended 30 June 2005 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. Profits from oil palm plantation division decreased by 13.7% due to lower CPO prices despite higher crop production. FFB production increased by 23.8% to 635,987 tonnes compared with the previous corresponding period. The edible oils refining operations performed well with higher profits of RM59.8 million, up 33.8% due to higher sales volume and margins. Livestock farming registered a significant improvement in profits to RM10.5 million compared with RM1.2 million last year due to better day-old-chicks and table egg prices. Film exhibition continued to register higher profits due to the strong slate of commercial films released during this period. Other activities namely, shipping and manufacturing also recorded higher profits. The property investment and development divisions' profits were 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.

DIVIDENDS

An interim dividend of 5 sen less tax was declared for the financial year ending 31 December 2005 on the enlarged share capital of RM1,185,499,882 following the 1 for 1 bonus issue which was completed on 22 June 2005. The interim dividend is payable on Wednesday, 28 September 2005.

PROSPECTS FOR THE YEAR

The Group expects crop production from its oil palm plantation operations to increase. However, at current CPO prices, the average prices for this year will be lower than last year and contribution from the oil palm plantation division may not match that of the previous year despite the higher crop production. The Group's other business operations are expected to perform at the same level as in the previous year. However, contributions from associated companies are unpredictable due to volatile trading conditions. Overall, it is envisaged that the Group performance for the year will remain satisfactory.

CONDENSED CONSOLIDATED INCOME STATEMENTS
for the period ended 30 JUNE 2005

(The figures have not been audited)	Individual Quarter 3 months ended 30 JUNE		Cumulative Quarter 6 months ended 30 JUNE	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	2,732,364	2,818,492	5,316,786	5,396,528
Operating expenses	(2,630,775)	(2,690,528)	(5,082,126)	(5,136,608)
Other operating income	4,080	6,599	7,480	15,732
Profit from operations	105,669	134,563	242,140	275,652
Net profit from investing activities	47,332	13,086	54,191	20,237
Share of associated companies' profits less losses	11,400	4,736	26,703	44,713
Share of jointly controlled entities' profits less losses	(37)	-	(159)	-
Finance costs	(3,889)	(4,496)	(7,700)	(8,180)
Profit before taxation	160,475	147,889	315,175	332,422
Taxation	(43,558)	(42,585)	(89,527)	(85,964)
Profit after taxation	116,917	105,304	225,648	246,458
Minority interest	(15,277)	(32,033)	(37,027)	(75,282)
Net profit for the period	101,640	73,271	188,621	171,176
Earnings per share (sen) :-				
(a) Basic earnings per ordinary share	8.57	7.47	15.91	17.44
(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.)

CONDENSED CONSOLIDATED BALANCE SHEETS
as at 30 JUNE 2005

	As at 30-Jun-05 RM'000 (Unaudited)	As at 31-Dec-04 RM'000 (Audited)
Property, plant and equipment	2,707,977	2,642,271
Land held for property development	433	12,691
Investment in associated companies	608,837	598,741
Investment in jointly controlled entities	38,736	38,867
Long term investments	416,066	452,320
Goodwill on consolidation	34,286	34,687
Deferred tax assets	9,439	7,254
Current Assets		
Inventories	801,319	950,604
Property development costs	38,947	18,719
Receivables	889,343	840,030
Cash, bank balances and deposits	652,092	537,728
	2,381,701	2,347,081
Current Liabilities		
Payables	517,771	541,682
Short term borrowings	306,502	358,232
Taxation	38,264	32,688
	862,537	932,602
Net Current Assets	1,519,164	1,414,479
	5,334,938	5,201,310
Financed by :		
Share Capital	1,185,500	592,750
Reserves	2,872,369	3,367,338
Shareholders' equity	4,057,869	3,960,088
Minority interest	789,614	779,395
Long term borrowings	165,322	149,751
Reserve on consolidation	24,832	25,409
Deferred tax liabilities	297,301	286,667
	5,334,938	5,201,310
Net tangible assets per share (sen)	339	331*

**The comparative net tangible assets per share has been adjusted for the effect of the 1 for 1 Bonus Issue*

(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.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 30 JUNE 2005

	Share capital RM'000	Share premium RM'000	Non-distributable Reserves: 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
6 months ended 30 June 2005									
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	-	-	-	(7,134)	6,528	(606)	(617)	-	(1,223)
Net profit for the period	-	-	-	-	-	-	188,621	-	188,621
Transfer of reserves	-	-	(1,072)	(30,373)	581	(30,864)	30,864	-	-
Bonus issue	592,750	(520,000)	-	-	-	-	(72,750)	-	-
Bonus issue expenses	-	(112)	-	-	-	-	-	-	(112)
Dividends	-	-	-	-	-	-	(46,827)	(42,678)	(89,505)
At 30 June 2005	1,185,500	6,762	163,602	(6,483)	159,391	316,510	2,549,097	-	4,057,869
6 months ended 30 June 2004									
At 1 January 2004	490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	-	2,988,027
Net (losses)/gains not recognised in the income statement	-	-	-	(9,975)	(5,260)	(15,235)	-	-	(15,235)
Net profit for the period	-	-	-	-	-	-	171,176	-	171,176
Transfer of reserves	-	-	(740)	-	5	(735)	735	-	-
Dividends	-	-	-	-	-	-	(63,389)	-	(63,389)
At 30 June 2004	490,623	21,128	87,614	26,783	138,775	253,172	2,315,656	-	3,080,579

(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.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
for the financial period ended 30 JUNE 2005

	6 months ended 30 JUNE	
	2005	2004
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	315,175	332,422
Adjustments :-		
Non-cash items	35,058	36,575
Non-operating items	(20,418)	(10,072)
Operating profit before working capital changes	329,815	358,925
Working capital changes		
Net change in current assets	101,170	(263,734)
Net change in current liabilities	(29,463)	21,693
Cash generated from operations	401,522	116,884
Tax paid	(63,007)	(65,953)
Net cash generated from operating activities	**338,515**	**50,931**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(152,932)	(107,209)
Proceeds from disposal of property, plant and equipment	3,392	7,330
Investment in subsidiary companies	(5,569)	(3,416)
Investment in associated companies	-	(9,327)
Investment in jointly controlled entities	-	(11,262)
Proceeds from disposal of investments	57,372	7,682
Advances to associated companies	(7,717)	(67,912)
Dividend received from investments	28,382	23,609
Interest received	7,342	7,628
Other investing activities	1,274	377
Net cash used in investing activities	**(68,456)**	**(152,500)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	1,069	3,874
Bank borrowings	(29,970)	189,577
Interest paid	(7,508)	(8,038)
Dividends paid	(109,413)	(104,711)
Other financing activities	(5,570)	(363)
Net cash (used in)/generated from financing activities	**(151,392)**	**80,339**
Net increase/(decrease) in cash and cash equivalents	**118,667**	**(21,230)**
Cash and cash equivalents at 1 January	528,892	715,636
Effect of exchange rate changes	(941)	3,106
Cash and cash equivalents at 30 June	**646,618**	**697,512**

(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 annual financial statements.

A3. Seasonal or Cyclicality 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 30 June 2005

All figures in RM'000 Information About Business Segments:	Sugar refining and cane plantation	Grains trading, flour and feed milling	Edible oils refining and trading	Oil palm plantations
REVENUE				
External sales	399,238	401,826	3,997,031	57,217
Inter-segment sales	-	27,417	53,305	211,619
Total revenue	399,238	429,243	4,050,336	268,836
RESULT				
Segment operating results	52,594	17,905	59,793	67,879
Unallocated corporate expense				
Profit from operations				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	430	4,775	8,754	775
Share of jointly controlled entities' profits less losses	-	-	-	-
Profit before taxation				

A5. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year-to-date except for the 1 for 1 Bonus Issue of 592,749,941 new ordinary shares of RM1.00 each in the Company which was completed on 22 June 2005.

A7. Dividends paid

	Individual Quarter 3 months ended 30 June 2005 RM'000	Cumulative Quarter 6 months ended 30 June 2005 RM'000
Dividends paid on ordinary shares		
2004 : 2nd interim dividend - 10 sen less 28% income tax	-	42,678
2004 : Final dividend - 2.5 sen tax exempt & 7.5 sen less 28% income tax	46,827	46,827
	46,827	89,505

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Other operations	Elimination	Consolidated
36,226	56,812	34,937	54,746	24,157	254,596	-	5,316,786
4,802	9,266	-	-	647	18,205	(325,261)	-
41,028	66,078	34,937	54,746	24,804	272,801	(325,261)	5,316,786
10,460	4,434	(1,711)	7,894	6,609	24,963	(102)	250,718
							(8,578)
							242,140
							54,191
							(7,700)
-	-	8,662	(49)	2,083	1,273	-	26,703
-	-	(159)	-	-	-	-	(159)
							315,175

A9. Valuation of Property, Plant and Equipment

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period, except for the following:-

(a) On 18 May 2005, PPB Oil Palms Berhad ("PPBOP"), a 55.6% subsidiary company of PPB acquired a 100% equity interest in Frissor Limited ("Frissor"), 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) 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) Jasa Karya Sdn Bhd ("JKSB"), a wholly-owned dormant subsidiary company of PPBOP, has been placed under Members' Voluntary Winding-up on 3 November 2004. The liquidation is still in progress.

(d) 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.

(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.

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 30 June 2005 were reduced from RM17.80 million to RM12.80 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

The Group revenue of RM5.317 billion for the six months ended 30 June 2005 is marginally lower when compared with RM5.397 billion for the same period last year due mainly to lower CPO and refined palm product prices realised.

Group profit before tax of RM315 million was 5% lower compared to RM332 million in the same period last year. The sugar refining, grains trading, flour and feed milling divisions recorded lower profits due to higher raw material prices whilst the oil palm plantation division profits were also lower due to lower CPO prices. The edible oil refining, livestock farming 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' profits were 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 RM160 million was 3% higher compared with RM155 million for the preceding quarter mainly due to higher net profits from investment activities. Profits from the plantation operations were lower mainly due to increase in operating expenditure. The sugar refining and edible oil refining divisions also recorded lower profits as a result of lower profit margins.

B3. Prospects for current financial year

At current CPO prices, contributions to Group profits by the oil palm plantation division may not match that of the previous year despite higher crop production. The Group's other business operations are expected to perform at the same level as in the previous year. However, contributions from associated companies are unpredictable due to volatile trading conditions. Overall, it is envisaged that 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 30-Jun-2005 RM'000	Cumulative Quarter 6 months ended 30-Jun-2005 RM'000
Malaysian taxation based on profit for the period:-		
Current	36,732	70,230
Deferred	4,201	8,967
Share of taxation of associated companies	2,723	4,881
	43,656	84,078
Foreign taxation		
Current	(403)	726
Deferred	(1,456)	(1,393)
Share of taxation of associated companies	1,853	5,622
	43,650	89,033
(Over)/under provision		
Current	(105)	(287)
Deferred	13	781
	43,558	89,527

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 RM4.891 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-Jun-2005 RM'000	Cumulative Quarter 6 months ended 30-Jun-2005 RM'000
Total cost of purchases	-	6
Total proceeds from disposals	57,354	57,372
Profit on disposal	21,679	21,697

(b) Total investments in quoted securities as at 30 June 2005 are as follows:-

	RM'000
At cost	405,558
At book value	401,795
At market value	655,348

B8. Status of corporate proposals

On 13 October 2004, the Company entered into two separate conditional agreements for the disposal 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 30 June 2005 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	14,317	-	14,317
Long term bank loans (USD)	135,483	-	135,483
Long term bank loans (SGD)	2,744	2,744	-
Long term bank loans (RMB)	22,518	-	22,518
Hire purchase liabilities	1,086	1,086	-
Repayments due within the next 12 months	(10,826)	(980)	(9,846)
	165,322	2,850	162,472
Short term bank borrowings			
Bills payable	226,441	-	226,441
Bills payable (SGD)	482	-	482
Short term loans	30,700	-	30,700
Short term loans (USD)	30,281	-	30,281
Short term loans (RMB)	2,298	-	2,298
Current portion of long term loans	10,174	328	9,846
Hire purchase liabilities	652	652	-
	301,028	980	300,048
Bank overdrafts	3,766	-	3,766
Bank overdrafts (SGD)	1,708	-	1,708
	306,502	980	305,522

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 19 August 2005, the Group has hedged outstanding foreign currency contracts of USD86.846 million equivalent to RM326.904 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 19 August 2005.

B11. Material litigation
As previously reported, a 70% owned subsidiary, Suburmas Plantations Sdn Bhd of PPB Oil Palms Berhad, 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 Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2005 of 5 sen per share less 28% income tax (2004 : 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax) on the enlarged capital base of RM1,185,499,882 following the 1 for 1 Bonus Issue.

Dividend payment/entitlement date
Notice is hereby given that the interim dividend will be payable on Wednesday, 28 September 2005 to shareholders whose names appear in the Record of Depositors at the close of business on Wednesday, 14 September 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 Wednesday, 14 September 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 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
2005	Interim dividend	5 sen less 28% income tax	28 September 2005

B13. Earnings per Share
The basic earnings per share has been calculated by dividing the Group's net profit for current period by 1,185,499,882 ordinary shares in issue during the period. The comparative earnings per share in 2004 has been adjusted for the effect of the 1 for 1 Bonus Issue.

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
25 August 2005

By Order of the Board
Tan Teong Boon
Company Secretary