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PPB GROUP BERHAD

INVESTOR UPDATE

3rd QUARTER REPORT

30 SEPTEMBER 2005

CANE PLANTATIONS

THE BEGINNING

In 1965, a team of experts under the Colombo Plan identified Perlis as one of the few states in Malaysia which had the right climate and soil for large scale sugar cane cultivation. Trial planting of sugarcane by Malayan Sugar Manufacturing Co. Berhad, now a wholly-owned subsidiary of PPB, at a 34-acre experimental station in Perlis confirmed the findings of the Colombo Plan team which resulted in the Perlis Sugar Project.

PERLIS SUGAR PROJECT

The Perlis Sugar Project is unique as it is only one of two integrated-sugar mills in the country todate. The Perlis Sugar Project comprises three (3) organizations namely, PPB and Felda, involved in sugarcane cultivation and Kilang Gula Felda Perlis Sdn Bhd (KGFP), operator of an integrated mill and sugar refinery. The three organizations are located in Mukim Chuping, Perlis with part of the plantations located in Laka, Kedah and areas covering right up to the Malaysian-Thailand border.

The roles of the three organizations are of great importance and inter-related in achieving and maintaining production of high quality cane of sufficient quantity for milling.

PPB

PPB's Cane Division has about 4,695 hectares (11,600 acres) of land under sugarcane cultivation. Besides mechanization of the various field operations, PPB employs local labour in most of the maintenance operations of the crop, whereas foreign labour predominantly Thai workers are employed as cane cutters during the harvesting season which lasts about 5 months every year.

FELDA

The Felda Sugarcane Project Chuping came into existence in 1971 when FELDA was offered about 4,046 hectares (10,000 acres) of land for sugarcane cultivation. Todate, FELDA has cultivated about 3,729 hectares (9,215 acres) in Perlis, and 1,100 hectares (2,745) in Laka, Kedah totaling 4,840 hectares (11,960 acres).

KGFP

KGFP was formed on 26th May, 1971 as a 50:50 joint-venture between PPB and FELDA to mill and process harvested sugarcane from the two plantations. Since 1981, KGFP also imports and processes raw sugar and todate supplies about 10% of the domestic market requirements.

CANE PRODUCTION

Planting and harvesting of sugarcane are yearly activities that continue from season to season. Cane seedlings are normally planted from December to April. The matured canes are then harvested during the dry season from December to April the following year. The harvesting season peaks in January and February, where maximum manpower is required for harvesting and transporting of the cane to the factory. Presently, a total of 4,300 workers are involved in the mentioned activities.

Spraying water on adjacent block prior to burning to prevent accidental fire.

CANE PLANTATIONS (CONT'D)

Mechanical cane harvesting

Wet bagasse from cane milling

Due to the importance of improving the quality and quantity of cane production, the three organizations formed and financed a special unit named the Agricultural Research Division (ARD) in 1977 to undertake the following :-

a) To breed and select high quality and high yielding sugarcane varieties.
b) To carry out research on plant control and treatment systems.
c) To select the most economical and effective types of fertilizers.
d) To provide technical services to PPB and FELDA.
e) To provide research and advisory services on irrigation.

CANE MILLING

The harvested sugarcane from the plantations of PPB and FELDA are received at the factory daily, to be processed into syrup, raw sugar and finally into refined sugar which is packed in 50 kg-bags, as well as 1 kg bags ready for sale for industrial use and household consumption.

KGFP started its cane milling operations in 1973 with an initial capacity of 2,000 tons of cane per day. With the increase in cane production, KGFP expanded its capacity in stages and it is now able to mill an average of 5,000 tonnes of cane per day.

Refined sugar production has also increased since it started, producing more than 50,000 tonnes of sugar per year from cane.

SUGAR REFINING

During the off-season, from May to November, cane milling operations stop completely and maintenance, repairs and modification works are carried out in the factory, in preparation for the next season. Meanwhile, the factory will continue the process of refining imported raw sugar.

Since 1981, the Government has given approval for KGFP to import raw sugar from Queensland, Australia, through the Long-Term-Contract of Malaysia-Australian Governments and also from the world market. The approval is on a year to year basis. For 2005, a total of 115,500 tonnes of refined sugar produced by KGFP were sold to the local market.

BY-PRODUCTS

Apart from producing refined sugar, the factory also produces two major by-products, i.e. molasses and bagasse.

Molasses are the final by-product obtained in the refining of sugar by repeated crystallization (the liquid residue from which no more sugar can be obtained economically). An average of 4.8% of molasses is produced from about one tonne of cane and these are sold to local buyers.

Bagasse is the fibrous residue remaining after extracting juice from cane. All of the bagasse are used by the factory as fuel. About 32% of bagasse is produced from the cane milled by the factory. Even though bagasse does not offer financial return, it helps to reduce energy cost and for 2004/05, the factory produced its own electricity supply of 17.6 million KWH.

Other than molasses and bagasse, the cane milling process also produces 'mud-cake' which is used as fertilizer in the plantations to help improve soil fertility.

Manual cane harvesting

COMPANY'S TRIP TO JERAM BESU, PAHANG

In October 2005, 39 staff of PPB Group Bhd and PPB Oil Palms Bhd went on a joint-company trip to Countryview Recreation Park & Resort, Jeram Besu, Pahang to enjoy the wonders of mother nature away from the hustle bustle of the city. Jeram Besu or "Besu Rapids" is located on Sungai Lipis at approximately 6 km before the turn-off to Benta and about 21/2 hours drive from Kuala Lumpur.

The 3 day-2 night trip was packed with activities from thrilling exciting to relaxing ones. On the first day, the staff visited the mushroom factory, feeding zoo, Orang Asli settlement as well as the elephant sanctuary. At the elephant sanctuary, the staff had fun feeding and riding on the elephants.

The second day of the trip was an adventurous one for many as it was their first time in an open-top 4WD for a 30-minute journey through jungle and a river crossing to reach crystal clear waterfalls. At the Berembun Waterfalls, some of the staff spent the afternoon swimming in the pool below the cascade whilst a handful took a nap. Others took the opportunity to read surrounded by nature and several chatted away enjoying one another's company. On the way back to the Resort, the staff toured a beancurd factory and a groundnut factory. At night, the brave ones went jungle trekking whilst the rest stayed behind to karaoke.

The highlight of the trip was on the final day when the staff participated in a team building event. They were put in two teams to build a raft for the Rafting Relay Competition followed by a tug-a-war. Thumbs up for the ladies of PPB Group, as they proved to be mighty strong. The challenge was truly fun!! There was also a 30-minute water confidence session including diving into rapids.

Everyone who went on the trip had a good time and many fond memories.

DIRECTORS' CONTINUING EDUCATION PROGRAMME

In compliance with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for directors of listed companies to attend training which would aid them in the discharge of their duties, PPB had on 27 July 2005 and 20 September 2005 organised in-house training sessions which were attended by directors and senior management of PPB and its subsidiary companies.

The training sessions covered the following :

- Finance for Non-Finance Directors by Mr Boey Tak Kong, speaker from Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd)
- An overview of the ASEAN Free Trade Area by Mr A. Jeyaratnam of Ernst & Young, Malaysia
- Credit Rating & Corporate Governance by Mr Suresh Menon of Rating Agency Malaysia Berhad
- Detection and Prevention of Fraud by Mr Sukdev Singh of KPMG, Malaysia
- Briefings on the Group's major businesses in Malaysia

The training sessions are in line with the efforts of Bursa Securities to enhance awareness amongst directors of the need for continuous learning.

ANALYST BRIEFING

On 6 September 2005, PPB held its second Analyst Briefing for the year at Wisma Jerneh for about fifty analysts and fund managers from various local research houses and securities firms.

The Briefing was held to provide analysts with a review of the Group's financial results ended 30 June 2005 as well as an update of the Group's latest developments.

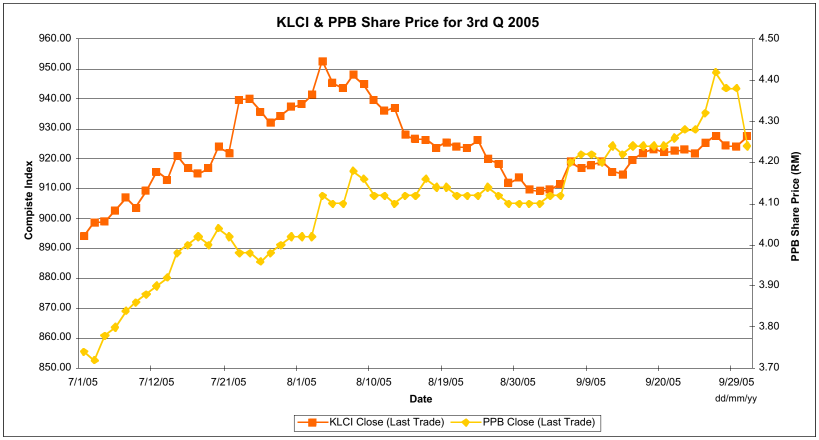
Thereafter, the Chairman together with the CEOs from respective divisions dealt with the numerous questions raised by the analysts during the Q&A session followed by lunch.

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 3RD QUARTER 2005

The KLCI rebounded in early July to cross 900 points on selected bargain hunting and closed 39.22 points higher at 927.54 points in the third quarter, up 4.4% from the second quarter. Bank Negara's move to depeg the Ringgit encouraged foreign funds into the market and pushing it to a 51/2 year high of 953.8 points in early August but the market retreated following the hike in oil prices to a new high of USD70 per barrel and lower-than-expected 2nd Quarter GDP growth of 4.24%. The fiscally prudent Budget 2006 and the spillover buying from a strong rally on the regional markets propelled the KLCI to close at 927.54 points on 30 September.

PPB share price outperformed the KLCI to close 13.98% higher at RM4.24 on 30 September compared with RM3.72 in the preceding quarter. Market capitalization of PPB shares increased to RM5.027 billion and the daily average volume rose to 693,268, an increase of 8.2% over the previous quarter.

	3rd Q 2005	2nd Q 2005	% change
PPB share price			
Closing price (high)	4.42	3.80	16.32%
Closing price (low)	3.72	3.35	11.04%
Month end closing price	4.24	3.72	13.98%
Weighted share price	4.04	3.53	14.45%
Market capitalization (RM' million)	5,026.52	4,410.06	13.98%
PPB share volume			
Daily volume (high)	1,950,700	1,495,000	30.48%
Daily volume (low)	46,500	62,000	-25.00%
Average daily volume	693,268	640,463	8.24%
Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	952.59	904.06	5.37%
KLCI closing (low)	894.02	860.73	3.87%
KLCI month end closing	927.54	888.32	4.42%
Kuala Lumpur Composite Index (KLCI) volume			
Daily Volume (high)	259,228,192	109,645,904	>100%
Daily Volume (low)	46,883,100	37,810,900	23.99%
Average Daily Volume	77,635,233	62,247,042	24.72%



GROUP FINANCIAL HIGHLIGHTS

Financial period ended (All figures in RM million)		9 months 30.9.05 Unaudited	30.9.04 Unaudited	Change %	12 months 31.12.04 Audited
INCOME STATEMENT					
Revenue		7,820.662	8,298.186	-5.75%	10,999.682
Profit from operations		366.649	447.417	-18.05%	601.970
Profit before taxation		465.693	526.496	-11.55%	733.508
Net profit		286.504	268.097	6.87%	400.664
BALANCE SHEET					
Current assets					
Inventories		936.454	797.506	17.42%	950.604
Trade receivables		513.293	598.087	-14.18%	498.194
Cash, bank balances and deposits		652.685	665.444	-1.92%	537.728
Others		349.174	349.901	-0.21%	360.555
Total current assets		**2,451.606**	**2,410.938**	**1.69%**	**2,347.081**
Current liabilities					
Trade payables		267.000	379.253	-29.60%	281.896
Short term bank borrowings		384.679	471.226	-18.37%	358.232
Others		237.839	276.096	-13.86%	292.474
Total current liabilities		**889.518**	**1,126.575**	**-21.04%**	**932.602**
Non-current assets					
Property, plant and equipment		2,709.262	2,617.066	3.52%	2,642.271
Associates		619.109	571.913	8.25%	598.741
Jointly controlled entities		39.153	38.809	0.89%	38.867
Other investments		414.290	405.812	2.09%	452.320
Goodwill		33.105	35.455	-6.63%	34.687
Others		10.918	25.369	-56.96%	19.945
Total non-current assets		**3,825.837**	**3,694.424**	**3.56%**	**3,786.831**
Non-current and deferred liabilities					
Long term bank borrowings		158.939	143.987	10.38%	149.751
Others		326.837	303.109	7.83%	312.076
Total non-current and deferred liabilities		**485.776**	**447.096**	**8.65%**	**461.827**
Minority interest		**792.450**	**748.463**	**5.88%**	**779.395**
Share capital		1,185.500	592.750	100.00%	592.750
Reserves		2,924.199	3,190.478	-8.35%	3,367.338
Shareholders' equity		**4,109.699**	**3,783.228**	**8.63%**	**3,960.088**
RATIOS					
Return on net assets	(%)	8.72	10.63		14.15
Return on equity	(%)	6.97	7.09		10.12
Earnings per share *	(sen)	24.17	26.44	-8.59%	37.90
Profits before tax over revenue	(%)	5.95	6.34		6.67
Interest coverage	(times)	43.33	44.52	-2.67%	49.59
Current ratio	(times)	2.76	2.14	28.97%	2.52
Long Term Debt/Equity	(%)	3.87	3.81		3.78
Net tangible assets per share *	(RM)	3.44	3.16	8.86%	3.31
Net dividend per share #	(sen)	3.60	15.80		23.70
STOCK MARKET INFORMATION					
Share price *	(RM)	4.24	3.28	29.46%	3.40
Market capitalisation	(RM million)	5,027	3,883	29.46%	4,031
PE ratio (annualised)	(times)	13.16	9.30		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 September 2005 is based on the enlarged share capital after bonus issue.

28 JULY CQ Technology Ltd, a wholly-owned indirect subsidiary of PPB, disposed of its entire 70% equity interest comprising 1,102,500 ordinary shares of S$1.00 each in Marathon Equipment Asia Pte Ltd for a total cash consideration of S$100 (equivalent to RM226).

23 AUG PGEO Group Sdn Bhd, a wholly-owned indirect subsidiary of PPB, acquired for cash at par the entire equity interest of PGEO Energy Sdn Bhd ("PGEO Energy") and SEO Energy Sdn Bhd ("SEO Energy"), each having an issued and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each.

PGEO Energy will operate the biomass-fired steam generator plant located in Lumut while SEO Energy will operate the other steam generator plant which is proposed to be constructed in Sandakan.

25 AUG Release of 2nd Quarter Report for the period ended 30 June 2005. An interim dividend of 5 sen per share less 28% income tax for the financial year ending 31 December 2005 was declared and was subsequently paid on 28 September 2005.

7 SEP PGEO Group Sdn Bhd, a wholly-owned indirect subsidiary of PPB, acquired for cash at par the entire issued and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each in Green Universe Sdn Bhd ("Green Universe"). Green Universe is presently dormant and will be used to undertake the production of biodiesel using palm oil.

16 SEP

Chemquest Management Services Sdn Bhd ("CQM"), a wholly-owned indirect subsidiary of PPB, undertook a members' voluntary liquidation as it had been inactive. The principal activities of CQM were provision of management support and consultancy services and investment holding.

22 SEP

Chemquest Sdn Bhd ("CQSB"), a 55% subsidiary of PPB, disposed of 3.278 and 2.682 million ordinary shares of RM0.10 each in Redtone International Berhad ("Redtone") to Hexarich Sdn Bhd ("Hexarich") and Kuok Brothers Sdn Bhd ("KBSB") respectively for a total cash consideration of RM13,946,400.

Hexarich is a wholly-owned subsidiary of PPB while KBSB is a major shareholder of PPB and has 45% direct interest in CQSB.

27 SEP

Chemquest International Pte Ltd ("CQI") and Garbagemaster Pte Ltd ("GM"), both wholly-owned indirect subsidiaries of PPB, undertook a members' voluntary winding-up as CQI had been inactive and GM had ceased business operations.

CQI was an investment holding company while GM was engaged in the collection, storage and disposal of refuse, rubbish and waste.

30 SEP

Stock and Trade Limited, a wholly-owned indirect subsidiary of PPB, was placed under voluntary winding-up as it had been inactive for many years. Its principal activity was that of investment holding.

OVERVIEW OF RESULTS

- The unaudited Group profit before tax reduced by 12% to RM465.7 million compared with RM526.5 million recorded for the same period last year due to lower contributions from its core businesses in sugar refining; grains trading, flour and feed milling; and oil palm plantations.
- Group revenue declined by 6% to RM7.821 billion compared with the same period last year due to lower refined palm product prices realized.
- Net profit improved by 7% to RM286.5 million from RM268.1 million due to lower minority interest resulting from the privatization of FFM Berhad in August 2004.
- Earnings per share over the enlarged share capital decreased to 24.17 sen compared with 26.44 sen for the corresponding period.
- Net tangible asset per share rose by 3.9% to RM3.44 from RM3.31 as at 31 December 2004.
- Shareholders' funds grew stronger to RM4.110 billion from RM3.960 billion as at 31 December 2004.
- Group's net cash position improved to RM109 million from RM30 million with a strong cashflow from its core operations.

REVIEW OF RESULTS

For the period ended 30 September 2005, the sugar refining, grains trading, flour and feed milling divisions were faced by higher raw material prices resulting in lower profit margins. Profits from the oil palm plantation division decreased by 35.9% due to lower CPO prices coupled with higher operating expenditure resulting from the higher volume of FFB processed and increase in fertilizer costs.

FFB production increased by 14.8% to 1,023,158 tonnes compared with the previous corresponding period. On the other hand, the edible oils refining operations fared better with higher profits of RM84.3 million, up 9.3% due to higher sales volume and refining margins. Livestock farming registered a significant improvement in profits to RM17.0 million compared with a loss of RM0.5 million for the same period last year due to better day-old-chicks and table egg prices. The waste management and utilities division incurred a loss mainly due to losses from its Singapore subsidiary which has been disposed of during the quarter. Film exhibition achieved 8.8% increase in operating profits due to a good lineup of commercial films and higher concession sales and screen advertising profits. The property investment and development divisions' profits were reduced as most of the completed residential units in Bukit Segar, Cheras have been sold. The associated company engaged in commodity trading registered lower profits due to difficult trading conditions.

PROSPECTS FOR THE YEAR

The Group expects contribution from the oil palm plantation division to be lower than the previous year based on the current CPO prices and higher operating expenditure. The sugar refining division will continue to be affected by higher raw material prices for the next quarter whilst the Group's other business operations are expected to perform satisfactorily.

CONDENSED CONSOLIDATED INCOME STATEMENTS
for the period ended 30 September 2005

(The figures have not been audited)	Individual Quarter 3 months ended 30 SEPTEMBER		Cumulative Quarter 9 months ended 30 SEPTEMBER	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	2,503,876	2,901,658	7,820,662	8,298,186
Operating expenses	(2,385,242)	(2,732,047)	(7,467,368)	(7,868,655)
Other operating income	5,875	2,154	13,355	17,886
Profit from operations	124,509	171,765	366,649	447,417
Net profit from investing activities	11,140	14,783	65,331	35,020
Share of associated companies' profits less losses	18,286	11,445	44,989	56,158
Share of jointly controlled entities' profits less losses	(115)	-	(274)	-
Finance costs	(3,302)	(3,919)	(11,002)	(12,099)
Profit before taxation	150,518	194,074	465,693	526,496
Taxation	(32,631)	(54,240)	(122,158)	(140,204)
Profit after taxation	117,887	139,834	343,535	386,292
Minority interest	(20,004)	(42,913)	(57,031)	(118,195)
Net profit for the period	97,883	96,921	286,504	268,097
Earnings per share (sen) :-				
(a) Basic earnings per ordinary share	8.26	8.98	24.17	26.44
(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 SEPTEMBER 2005

	As at 30-Sep-05 RM'000 (Unaudited)	As at 31-Dec-04 RM'000 (Audited)
Property, plant and equipment	2,709,262	2,642,271
Land held for property development	435	12,691
Investment in associated companies	619,109	598,741
Investment in jointly controlled entities	39,153	38,867
Long term investments	414,290	452,320
Goodwill on consolidation	33,105	34,687
Deferred tax assets	10,483	7,254
Current Assets		
Inventories	936,454	950,604
Property development costs	40,666	18,719
Receivables	821,801	840,030
Cash, bank balances and deposits	652,685	537,728
	2,451,606	2,347,081
Current Liabilities		
Payables	484,767	541,682
Short term borrowings	384,679	358,232
Taxation	20,072	32,688
	889,518	932,602
Net Current Assets	1,562,088	1,414,479
	5,387,925	5,201,310
Financed by :		
Share Capital	1,185,500	592,750
Reserves	2,924,199	3,367,338
Shareholders' equity	4,109,699	3,960,088
Minority interest	792,450	779,395
Long term borrowings	158,939	149,751
Reserve on consolidation	24,543	25,409
Deferred tax liabilities	302,294	286,667
	5,387,925	5,201,310
Net tangible assets per share (sen)	344	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 SEPTEMBER 2005

	Share capital RM'000	Share premium RM'000	Non-distributable Reserves: Revaluation reserve RM'000	Non-distributable Reserves: Exchange translation reserve RM'000	Non-distributable Reserves: Capital reserve RM'000	Non-distributable Reserves: Sub-total RM'000	Retained profits RM'000	Dividends RM'000	Total RM'000
9 months ended 30 September 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	-	-	-	(10,847)	6,975	(3,872)	(679)	-	(4,551)
Net profit for the period	-	-	-	-	-	-	286,504	-	286,504
Transfer of reserves	-	-	(1,608)	(30,581)	583	(31,606)	31,606	-	-
Bonus issue	592,750	(520,000)	-	-	-	-	(72,750)	-	-
Bonus issue expenses	-	(159)	-	-	-	-	-	-	(159)
Dividends	-	-	-	-	-	-	(89,505)	(42,678)	(132,183)
At 30 September 2005	1,185,500	6,715	163,066	(10,404)	159,840	312,502	2,604,982	-	4,109,699
9 months ended 30 September 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	-	-	48,908	(10,056)	(5,266)	33,586	-	-	33,586
Net profit for the period	-	-	-	-	-	-	268,097	-	268,097
Transfer of reserves	-	-	(1,054)	-	20	(1,034)	1,034	-	-
Dividends	-	-	-	-	-	-	(114,368)	-	(114,368)
Issue of shares	102,127	507,570	-	-	-	-	-	-	609,697
Shares issue expenses	-	(1,811)	-	-	-	-	-	-	(1,811)
At 30 September 2004	592,750	526,887	136,208	26,702	138,784	301,694	2,361,897	-	3,783,228

(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 SEPTEMBER 2005

	9 months ended 30 SEPTEMBER 2005 RM'000	9 months ended 30 SEPTEMBER 2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	465,693	526,496
Adjustments :-		
Non-cash items	63,533	56,495
Non-operating items	(22,226)	(14,115)
Operating profit before working capital changes	507,000	568,876
Working capital changes		
Net change in current assets	19,936	(116,844)
Net change in current liabilities	(43,151)	58,650
Cash generated from operations	483,785	510,682
Tax paid	(109,322)	(105,440)
Net cash generated from operating activities	**374,463**	**405,242**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(224,937)	(164,988)
Proceeds from disposal of property, plant and equipment	13,885	8,903
Investment in subsidiary companies	(5,583)	(209,201)
Investment in associated companies	(1,379)	(47,561)
Investment in jointly controlled entities	-	(11,262)
Proceeds from disposal of investments	63,638	13,524
Advances to associated companies	(9,476)	(62,402)
Dividend received from investments	33,171	29,885
Interest received	11,348	11,604
Other investing activities	1,518	9,877
Net cash used in investing activities	**(117,815)**	**(421,621)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	1,069	5,109
Bank borrowings	47,542	133,238
Interest paid	(10,876)	(11,655)
Dividends paid	(165,611)	(170,692)
Other financing activities	(5,617)	(2,360)
Net cash (used in)/generated from financing activities	**(133,493)**	**(46,360)**
Net increase/(decrease) in cash and cash equivalents	**123,155**	**(62,739)**
Cash and cash equivalents at 1 January	528,892	715,636
Effect of exchange rate changes	(4,885)	(519)
Cash and cash equivalents at 30 September	**647,162**	**652,378**

(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.

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-Sep-2005	Cumulative Quarter 9 months ended 30-Sep-2005
Dividends paid on ordinary shares	RM'000	RM'000
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
2005 : Interim dividend - 5 sen less 28% income tax	42,678	42,678
	42,678	132,183

A8. Segmental reporting

Segmental information in respect of the Group's business segments for the financial period ended 30 September 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	598,516	619,714	5,830,326	86,638
Inter-segment sales	-	41,808	85,003	327,082
Total revenue	598,516	661,522	5,915,329	413,720
RESULT				
Segment operating results	85,782	35,003	84,258	100,835
Unallocated corporate expense				
Profit from operations				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	3,869	6,953	15,732	1,397
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.

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Other operations	Elimination	Consolidated
54,938	83,671	50,713	82,094	39,787	374,265	-	7,820,662
8,071	15,733	-	-	841	24,721	(503,259)	-
63,009	99,404	50,713	82,094	40,628	398,986	(503,259)	7,820,662
16,981	5,588	(6,851)	10,616	13,408	33,176	(71)	378,725
							(12,076)
							366,649
							65,331
							(11,002)
-	-	9,871	39	4,151	2,977	-	44,989
-	-	(274)	-	-	-	-	(274)
							465,693

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) "Trade Alpha Limited, a wholly-owned subsidiary of PPB Oil Palms Bhd ("PPBOP"), had on 15 July 2005 acquired the entire issued and paid-up share capital of Acemaxton Pte Ltd ("Acemaxton"), a limited company incorporated in Singapore, for a cash consideration of SGD900. On 23 September 2005, Acemaxton agreed to acquire 95% equity interest in PT Eka Kaharap Itah ("EKI"), comprising 2,375 shares of Rp100,000 each for cash at par, equivalent to Rp237.5 million (USD23,171). EKI, which is incorporated in Indonesia, proposes to develop up to 20,000 hectares of land in Central Kalimantan into an oil palm plantation.

(b) PPBOP has acquired eight wholly-owned subsidiary companies incorporated in the British Virgin Islands ("BVICo"), for a total cash consideration of USD5,209. The respective BVICo each owns the entire issued and paid-up share capital of a subsidiary company incorporated in Singapore. The details of the acquisitions are as follows:-

	Date of acquisition of BVICo	BVICo acquired	Wholly-owned subsidiary of BVICo incorporated in Singapore
(i)	15 July 2005	Trilliton Holdings Limited	Maxillion Pte Ltd
(ii)	28 July 2005	Fullsight Holdings Limited	Stephigh Pte Ltd
(iii)	28 July 2005	Topassist Investments Limited	Maxceed Pte Ltd
(iv)	28 July 2005	Certainworld Limited	Quanta Pte Ltd
(v)	28 July 2005	Surememoment Limited	Rosevale Pte Ltd
(vi)	19 August 2005	Kornhill Assets Limited	Castlerise Pte Ltd
(vii)	16 September 2005	Firm Step Investments Limited	Ampleville Pte Ltd
(viii)	16 September 2005	Rise High Investments Limited	Gadsden Pte Ltd

(c) On 28 July 2005, CQ Technology Ltd, a wholly owned indirect subsidiary company, disposed of its entire 70% investment in Marathon Equipment Asia Pte Ltd comprising 1,102,500 ordinary shares of S$1.00 each for a total cash consideration of S$100 (RM226)

(d) On 23 August 2005, PGEO Group Sdn Bhd, a wholly-owned indirect subsidiary, acquired the entire issued and paid-up share capital of PGEO Energy Sdn Bhd ("PGEO Energy") and SEO Energy Sdn Bhd("SEO Energy") for a total cash consideration of RM2.00 each. PGEO and SEO Energy will operate the biomass-fired steam generator plants at Lumut and Sandakan respectively.

(e) On 7 September 2005, PGEO Group Sdn Bhd, a wholly-owned indirect subsidiary, acquired the entire issued and paid-up share capital of Green Universal Sdn Bhd ("Green Universal") for a total cash consideration of RM2.00 each. Green Universal is presently dormant and will undertake the production of biodiesel using palm oil.

(f) Chemquest Management Services Sdn Bhd, a wholly-owned indirect subsidiary has been placed under Member's Voluntary Winding-up on 16 September 2005. The liquidation is in progress.

(g) Chemquest International Pte Ltd and Garbagemaster Pte Ltd, both indirect wholly-owned subsidiaries have been placed under Member's Voluntary Winding-up on 27 September 2005. The liquidation is in progress.

(h) Stock and Trade Limited, a wholly-owned indirect subsidiary has been placed under Member's Voluntary Winding-up on 30 September 2005. The liquidation is in progress.

(i) 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.

(j) 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.

(k) 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.

(l) 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 September 2005 were reduced from RM12.80 million to RM8.80 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 RM7.821 billion for the nine months ended 30 September 2005 is 6% lower when compared with RM8.298 billion for the same period last year mainly due to lower refined palm product prices realised. Despite lower CPO prices, revenue from the oil palm plantation division increased marginally for the period under review due to higher crop production.

Group profit before tax of RM466 million was 11% lower compared to RM526 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 higher operating expenditure resulting mainly from the higher volume of FFB processed and increase in fertiliser costs. The edible oils refining, livestock farming and manufacturing divisions recorded improvements in profits. Contributions from property development were lower as most of the completed residential units in Bukit Segar, Cheras have been sold. The waste management and utilities division incurred a loss mainly due to losses from a Singapore subsidiary which was subsequently disposed during the quarter. The associated company engaged in commodity trading also 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 RM151 million was 6% lower compared with RM160 million for the preceding quarter mainly due to lower profits from investment activities. Profits from the plantation operations were marginally higher mainly due to higher crop production in this quarter.

B3. Prospects for current financial year

Contributions to Group profits by the oil palm plantation division will be lower than that of the previous year based on the current CPO prices and higher operating expenditure. For the last quarter of 2005, the sugar refining division will continue to be affected by the higher raw material prices whilst the Group's other business operations are expected to perform satisfactorily.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 30-Sep-2005 RM'000	Cumulative Quarter 9 months ended 30-Sep-2005 RM'000
Malaysian taxation based on profit for the period:-		
Current	24,537	94,767
Deferred	5,711	14,678
Share of taxation of associated companies	3,142	8,023
	33,390	117,468
Foreign taxation		
Current	(386)	340
Deferred	(1,844)	(3,237)
Share of taxation of associated companies	1,972	7,594
	33,132	122,165
(Over)/under provision		
Current	(480)	(767)
Deferred	(21)	760
	32,631	122,158

The effective tax rate is lower than the statutory rate mainly due to non-taxable income.

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 RM6.733 million for the current financial year-to-date under review.

B7. Quoted securities

(a) Total purchases and disposals of quoted securities for the current quarter and financial year-to-date under review are as follows :-

	Individual Quarter 3 months ended 30-Sep-2005 RM'000	Cumulative Quarter 9 months ended 30-Sep-2005 RM'000
Total cost of purchases	23	29
Total proceeds from disposals	6,266	63,638
Profit on disposal	5,116	26,813

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

	RM'000
At cost	404,274
At book value	400,017
At market value	658,777

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 approval from the relevant authorities.

B9. Group borrowings

Total Group borrowings as at 30 September 2005 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	12,347	-	12,347
Long term bank loans (USD)	137,329	-	137,329
Long term bank loans (RMB)	22,828	-	22,828
Hire purchase liabilities	874	874	-
Repayments due within the next 12 months	(14,439)	(712)	(13,727)
	158,939	162	158,777
Short term bank borrowings			
Bills payable	253,185	-	253,185
Short term loans	81,850	-	81,850
Short term loans (USD)	27,353	-	27,353
Short term loans (RMB)	2,329	-	2,329
Current portion of long term loans	13,727	-	13,727
Hire purchase liabilities	712	712	-
	379,156	712	378,444
Bank overdrafts	5,523	-	5,523
	384,679	712	383,967

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 18 November 2005, the Group has hedged outstanding foreign currency contracts of USD112.127 million equivalent to RM422.247 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 18 November 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 Directors do not recommend the payment of any interim 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
2005	Interim dividend	5 sen less 28% income tax	28 September 2005

* Based on the enlarged share capital after the 1 for 1 Bonus Issue.

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's net profit for the 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
24 November 2005

By Order of the Board
Tan Teong Boon
Company Secretary