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# INVESTOR UPDATE

31 March 2007

# 1st

QUARTER REPORT



PPB GROUP BERHAD

Dear Shareholders,

30 May 2007

*Greetings from PPB Group Berhad!!*

PPB has been publishing quarterly Investor Updates as part of its investor relations programme since year 2002. Aimed at keeping PPB shareholders abreast of the Group's activities in addition to its financial performance, this publication has been receiving good response from shareholders including the Minority Shareholders' Watchdog Group and the investment community.

For the first issue of year 2007, we have made some changes to the look and content and we hope that you will enjoy reading it.

#### **1Q07 RESULTS**

PPB Group Berhad's continuing operations posted an unaudited consolidated pre-tax profit of RM97.7 million for the 1st quarter of 2007 which was double that of the same quarter recorded last year of RM48.9 million. The better results were due mainly to lower raw sugar prices and increased sales from the grains trading, flour and feed milling division. In addition, there was a gain of RM19.4 million from the disposal of PPB Group's 12.15% equity interest in Gula Padang Terap Plantations Sdn Bhd in the quarter under review. Profit net of tax from the discontinued operations of PPB Oil Palms Berhad (PPBOP), PGEO Group Sdn Bhd (PGEO) and Kuok Oils and Grains Pte Ltd (KOG) for the quarter was RM122.1 million, up 74.2% from the same quarter last year of RM70.1 million mainly due to higher crop production and palm product prices.

Group revenue for its continuing operations increased to RM688.7 million, up 15.2% from RM598.1 million principally due to higher revenue generated from the sugar refining division.

Profit for the 1st quarter of 2007 increased by 85.8% to RM197.3 million from RM106.2 million whilst profit attributable to shareholders of the Company increased to RM168.4 million from RM87.6 million. Hence, earnings per share for the quarter under review increased to 14.21 sen compared with 7.39 sen for the same quarter last year.

#### **HAPPENINGS**

For the 1st quarter of 2007, PPB Group witnessed two launches in Penang by its subsidiaries. Golden Screen Cinemas Sdn Bhd (GSC) launched its latest 8-screen multiplex with a seating capacity of 1,500 in Penang's newly opened shopping complex, Queensbay Mall whilst PPB Hartabina Sdn Bhd launched its latest commercial development comprising a food court and a covered performance stage at New Work Park located at Jalan Burma, Penang.

On the corporate front, the first Press and Analyst Briefing for the year was held at Wisma Jerneh in March which was well received by analysts, fund managers and press from the local and foreign publications.

#### **CSR ACTIVITIES**

In the Group's continuing efforts to care for its community, FFM Berhad and Malayan Sugar Manufacturing Company Berhad, wholly owned subsidiaries of PPB Group, provided food products and household items to the flood victims in Yong Peng, Johor to help restart their lives.

GSC Queensbay Mall, in collaboration with the Penang Senior Citizens Association, organized a breakfast and movie screening for about 200 senior citizens at the new multiplex.

#### **CORPORATE DEVELOPMENT**

On 12 April 2007, PPB shareholders approved the proposed disposals of PPBOP and the Group's edible oils, specialty fats, oleochemicals and trading businesses under PGEO and KOG to Wilmar International Limited (Wilmar).

Wilmar had on 18 May 2007 announced that they have successfully received 98.99% acceptances from shareholders of PPBOP for the voluntary take-over offer by Wilmar.

Upon completion of the proposed disposals to Wilmar which is expected by end-June 2007, PPB will be the second largest shareholder owning 18.2% of Wilmar and will be able to equity account the earnings of one of Asia's largest integrated agribusiness group.

PPB Group views Wilmar as a long term core investment of the Group and given the competitive advantage of the global plantation company with upstream and downstream operations, PPB expects its share of the enlarged Wilmar's future earnings to more than compensate the current earnings derived from the assets disposed to Wilmar. PPB will continue to expand and increase efficiency of its businesses in sugar refining; grains trading, flour and feed milling; manufacturing and services; entertainment and properties.

**Datuk Oh Siew Nam**  
Executive Chairman

## **OPENING OF 8-SCREEN MULTIPLEX IN QUEENSBAY MALL, PENANG**

On 25 January 2007, Golden Screen Cinemas Sdn Bhd (GSC) opened its 8-screen multiplex in the newly opened Queensbay Mall, Penang. Costing about RM14.5 million, GSC Queensbay Mall is a 1500-seater multiplex equipped to cater to wheelchair-bound patrons with two wheelchair spaces dedicated to them in each of the eight halls at the multiplex.

In conjunction with the opening, GSC Queensbay Mall organized fun activities for the public during the opening weekend, such as movie character and clown appearances, free Kodak snapshots, and giveaways like balloons and candy floss.

The cinema halls at GSC Queensbay Mall also cater for events like gala premieres, press conferences, product launches and seminars as GSC cinemas provide luxurious theatre-style seating with facilities like wide screen projection for event organizers.

With the opening of GSC Queensbay Mall, GSC expanded its nationwide chain to 116 screens in 19 locations which include Klang Valley, Sungei Petani, Bukit Mertajam, Ipoh, Seremban, Melaka, Batu Pahat, Johor Bahru, Kuantan and Kota Kinabalu.

## **PRESS AND ANALYST BRIEFING**

On 1 March 2007, PPB held its first Press and Analyst Briefing for the year at Wisma Jerneh which was attended by 45 analysts and fund managers from various local research houses and securities firms as well as 18 members of the local and foreign press.

The Briefing was held to provide the press and analysts with a review of the Group's financial results for year 2006 as well as an update of its latest developments.

During the Q&A session, PPB's Executive Chairman and the CEOs from the Group's respective divisions dealt with the questions posed by the attendees. A press conference took place thereafter, followed by lunch.

## PPB HARTABINA LAUNCHES NEW WORLD PARK, PENANG

In February 2007, PPB Hartabina Sdn Bhd, a wholly owned subsidiary of PPB, launched New World Park, a commercial development at Jalan Burma, Penang. The New World Park, an enclave of food and beverage outlets, is set to be a major attraction in the Georgetown area for both the residents as well as visitors to the island.

Phase I of New World Park comprises a 16,000sf food and beverage centre seating up to 500 persons. Some of Penang's finest hawker fare, including offerings from the famed Swatow Lane hawkers, can be found there. There is also a centre stage which is an exhibition area during the day and an entertainment venue at night.

Phase II which comprises five blocks of 28 prime retail lots ranging from 1,000 - 5,000sf has been completed and is expected to open for business in July 2007.

The architectural elements of New World Park include high canopies and tensile structures to create a new focal point along Jalan Burma, with a medley of colours to complement the festive atmosphere.



## ASSISTANCE TO THE JOHOR FLOOD VICTIMS IN YONG PENG

The second wave of massive floods in several states especially Johor affected at least 90,000 people with a number of reported deaths. Thousands of families were left with just the clothes on their backs as their properties and belongings were damaged in the calamity.

In light of this, FFM Berhad and FFM Marketing Sdn Bhd wholly owned subsidiaries of PPB Group, in joint efforts provided aid to the flood victims to help restart their lives. On 11 February 2007, FFM gave away various essential products ranging from food to household items to 201 families at flood hit areas, Kampung Temehil and the low cost housing area in Yong Peng, Johor.



Assistance to the Johor flood victims in Yong Peng



## APPRECIATION FOR SENIOR CITIZENS IN PENANG

On 27 March 2007, GSC Queensbay Mall hosted a screening of “Mr Bean’s Holiday” for more than 200 senior citizens. The event was held jointly with the Penang Senior Citizens Association in conjunction with International Women’s Day.

The senior citizens, aged 55 years old and above, were treated with breakfast at the mall before being ushered to the movie in GSC’s latest state-of-the-art technology cinema. The senior citizens enjoyed the movie thoroughly and were thankful for the care and kindness shown by the staff of GSC. Many had forgotten the experience of going to the movies and were both thrilled and impressed with the cinematic experience of today’s multiplexes.

GSC holds movie screenings on a regular basis for senior citizens as part of its annual community programme.

*1st Quarter Share Analysis*

Following a gain of 13.3% in 4Q2006, the Kuala Lumpur Composite Index (KLCI) rose by 13.7% to 1,246.9 points in 1Q2007. The market continued to rally into 2007 with the KLCI touching a 13-year high of 1,285.1 points on 26th February. However, a sell-down in regional and global markets in late February and early March caused the KLCI to ease to the year's low of 1,090.4 points on 5th March. The government's announcement of several incentives to boost the local stock and capital markets in late March propelled the KLCI to close the first quarter at 1,246.9 points for a gain of 13.7%. [Source: Public Mutual website ([www.publicmutual.com.my](http://www.publicmutual.com.my))]

In tandem with the KLCI's index gain and possibly due to the market's positive response to the merger exercise with Wilmar, PPB shares closed 95 sen higher at RM6.40 on the last trading day of the quarter compared with RM5.45 in the preceding quarter. Market capitalization of PPB shares improved by 17% to RM7.587 billion whilst the average daily volume increased significantly by 39% to 1,488,585 shares.

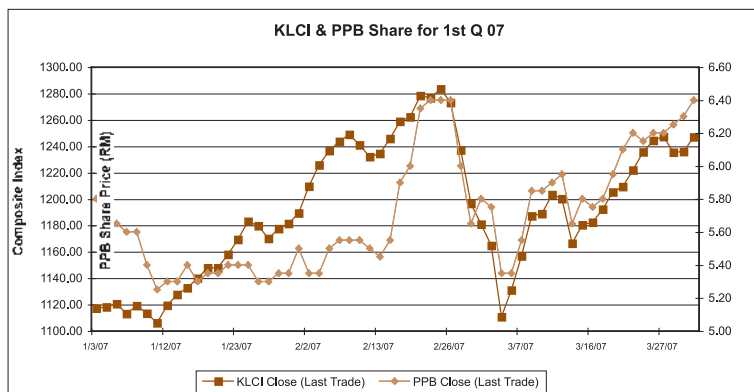
**PPB Share & Kuala Lumpur Composite Index  
Performance for 1st Q 2007**

	1st Q 2007	4th Q 2006	% change
<b>PPB share price</b>			
Closing price (high)	6.40	5.45	17.43%
Closing price (low)	5.25	4.34	20.97%
Month end closing price	6.40	5.45	17.43%
Weighted share price	5.72	4.96	15.32%
Market capitalization (RM' million)	7,587.20	6,460.97	17.43%

	1st Q 2007	4th Q 2006	% change
<b>PPB share volume</b>			
Daily volume (high)	6,907,700	11,390,700	-39.36%
Daily volume (low)	209,200	45,100	>100%
Average daily volume	1,488,585	1,088,519	36.75%

	1st Q 2007	4th Q 2006	% change
<b>Kuala Lumpur Composite Index (KLCI)</b>			
KLCI closing (high)	1283.47	1101.70	16.50%
KLCI closing (low)	1106.06	964.06	14.73%
KLCI month end closing	1246.87	1096.24	13.74%

	1st Q 2007	4th Q 2006	% change
<b>Kuala Lumpur Composite Index (KLCI) volume</b>			
Daily volume (high)	614,671,400	369,717,000	66.25%
Daily volume (low)	125,337,200	61,389,300	>100%
Average daily volume	285,610,705	154,028,616	85.43%





Financial period ended  
*(All figures in RM million)*

3 MONTHS		Change %	12 MONTHS
31.03.07	31.03.06 (Restated)		31.12.06

**INCOME STATEMENTS**
Continuing operations

Revenue	689	598	15.2	
Profit from operations	64	41	56.1	
Profit before taxation	98	49	100.0	
Profit for the period from continuing operations	75	36	>100.0	

Discontinued operations

Revenue	2,386	2,083	14.5	
Profit from operations	99	72	37.5	
Profit before taxation	146	90	62.2	
Profit for the period from discontinued operations, net of tax	122	70	74.3	

Group total

Revenue	3,075	2,681	14.7	11,520
Profit from operations	163	113	44.2	584
Profit before taxation	244	139	75.5	840
Profit for the period	197	106	85.8	694
Profit attributable to Shareholders of the Company	168	88	90.9	561

**BALANCE SHEET**

Non-current assets	1,955	3,945	(50.4)	4,271
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Current assets

Cash and bank deposits	889	743	19.7	763
Assets of disposal group/Non-current assets classified as held for sale	3,832	48	>100.0	0
Others	943	1,793	(47.4)	2,255
Total current assets	5,664	2,584	>100.0	3,018

**Total assets**

<b>7,619</b>	<b>6,529</b>	<b>16.7</b>	<b>7,289</b>
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Equity

Share capital	1,186	1,186	0.0	1,186
Reserves	3,631	3,160	14.9	3,459
Equity attributable to Shareholders of the Company	4,817	4,346	10.8	4,645
Minority interests	868	824	5.3	886
Total equity	5,685	5,170	10.0	5,531

Non-current liabilities

Bank borrowings	17	157	(89.2)	334
Others	65	312	(79.2)	303
Total non-current liabilities	82	469	(82.5)	637

Financial period ended  
(All figures in RM million)

3 MONTHS		Change %	12 MONTHS
31.03.07	31.03.06 (Restated)		31.12.06

**Current liabilities**

Bank borrowings	52	354	(85.3)	357
Liabilities directly associated with assets classified as held for sale	1,576	0	>100.0	0
Others	224	536	(58.2)	764
<b>Total current liabilities</b>	<b>1,852</b>	<b>890</b>	<b>&gt;100.0</b>	<b>1,121</b>
<b>Total liabilities</b>	<b>1,934</b>	<b>1,359</b>	<b>42.3</b>	<b>1,758</b>
<b>Total equity and liabilities</b>	<b>7,619</b>	<b>6,529</b>	<b>16.7</b>	<b>7,289</b>

**RATIOS**

Return on equity attributable to shareholders of the Company	(%)	3.5	2.0	12.1
Earnings per share	(sen)	14.2	7.4	47.3
Interest coverage	(times)	25.0	26.1	26.7
Current ratio	(times)	3.1	2.9	2.7
Total borrowings/Equity	(%)	16.9	9.9	12.5
Long term borrowings/Equity	(%)	0.3	3.0	6.0
Net assets per share attributable to shareholders of the Company	(RM)	4.1	3.7	3.9
Net assets per share	(RM)	4.8	4.4	4.7
Net dividend per share	(sen)	0.0	0.0	14.5

**STOCK MARKET INFORMATION**

Share price	(RM)	6.40	4.30	5.45
Market capitalisation	(RM million)	7,590	5,100	6,464
PE ratio	(times)	11.3	14.5	11.5

**24 JAN**

The Board approved the following proposed disposals to Wilmar International Limited (“Wilmar”) :

- i) PPB’s 55.6% direct and indirect equity interests in PPB Oil Palms Berhad (“Proposed PPBOP Disposal”);
- ii) FFM Berhad’s (“FFM”) 65.8% equity interest in PGEO Group Sdn Bhd (“Proposed PGEO Disposal”); and
- iii) FFM’s 28% direct and indirect equity interests in Kuok Oils & Grains Pte Ltd (“Proposed KOG Disposal”) (collectively referred to as the “Proposed Disposals”)

and agreed to present the Proposed Disposals to the shareholders of PPB at an extraordinary general meeting for their consideration and approval.

The Board also agreed for its wholly-owned subsidiary, FFM, to negotiate the terms of the definitive agreements with Wilmar in relation to the Proposed PGEO Disposal and Proposed KOG Disposal subject to the relevant approvals.

**27 FEB**

Release of 4th Quarter Report for the period ended 31 December 2006.

**28 FEB**

PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB completed the acquisition of 12,269,466 ordinary shares of RM1.00 each representing 40.2% equity interest in Golden Screen Cinemas Sdn Bhd from Golden Harvest Films Distribution Holding Ltd for a total cash consideration of RM91.0 million.

**02 MAR**

PPB had received a notification from CIMB Investment Bank Berhad (“CIMB”) on behalf of Wilmar that the Securities Commission had given its approval for Wilmar to offer its shares to FFM Berhad (“FFM”) and/or its subsidiaries in connection with the proposed acquisition by Wilmar of the entire equity interests held by FFM in PGEO of 65.8% and KOG of 28%.

**05 MAR**

Chemical Waste Management Sdn Bhd (“CWM”), the sole shareholder of Sitaclean Technologies (M) Sdn Bhd (“Sitaclean”) had resolved that Sitaclean be wound up voluntarily and Mr Ooi Chee Kun and Ms Khoo Pek Ling of Messrs Folks Corporate Sdn Bhd were appointed liquidators for the purpose of the winding-up. Arising therefrom, Sitaclean will cease to be an indirect subsidiary of PPB.

CWM is a wholly-owned subsidiary of Chemquest Sdn Bhd, which in turn is a 55% subsidiary of PPB.

**08 MAR**

On 1 November 2006, Mantap Aman Sdn Bhd, an indirect subsidiary of PPB, entered into a joint-venture agreement with Millerstar Pte Ltd, Singapore to construct and operate a wheat flour mill facility in the Republic of Indonesia to be undertaken by a joint-venture company called P.T. Pundi Kencana.

P.T. Pundi Kencana is in the process of establishing the wheat flour mill complete with silos, warehouses and other infrastructure facilities at Cilegon, a town situated on the western side of Java Island.

**16 MAR**

Based on 100% acceptance of the Conditional Voluntary Take-over Offer for PPBOP shares not owned by Wilmar and after the completion of the Proposed Disposals and IPT Acquisitions, the Kuok group of companies (“Kuok Group”) will own, directly and indirectly, approximately 31% of the issued share capital of Wilmar and under such

circumstances, pursuant to Rule 14 of the Singapore Code on Takeover and Mergers, the Kuok Group and its concert parties will trigger an obligation to make a mandatory take-over offer to acquire all the voting shares of Wilmar not owned by them.

The Kuok Group, which includes PPB, had sought and was granted dispensation by the Securities Industry Council of Singapore from having to make a take-over offer for Wilmar subject to certain conditions.

In addition, Wilmar had revised their offer for KOG to only encompass its ordinary shares and confirmed that the consideration of the offer to FFM for its 28% equity interest in KOG remain unchanged at 305,636,556 ordinary shares of S\$1.00 each in Wilmar.

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## 20 MAR

Wilmar had, on 19 March 2007, announced to the Singapore Exchange Securities Trading Limited (“SGX-ST”) that its shareholders had approved the proposed acquisition by Wilmar of all the voting shares in PPBOP not owned by Wilmar pursuant to the conditional voluntary general offer and the proposed allotment and issue of up to 1,024,475,674 new Wilmar Shares as consideration for the take-over offer (“Consideration Shares”).

Wilmar had, further announced that the SGX-ST had, also on 19 March 2007, granted in-principle approval for the listing and quotation of the Consideration Shares.

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## 23 MAR

The Ministry of International Trade and Industry, Malaysia, through its letter dated 23 March 2007, has no objection to FFM disposing its 65.8% equity interest in PGEO which will be satisfied by the issuance of 287,122,772 new ordinary shares in Wilmar.

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## 24 MAR

Bank Negara Malaysia had, via its letter dated 23 March 2007, given its approval to Malaysian resident shareholders of PPBOP, PGEO and KOG to subscribe for up to 1,427,194,001 ordinary shares in Wilmar subject to the Malaysian resident shareholders complying with the following conditions :-

- (i) To repatriate to Malaysia all dividends, profits and proceeds from the disposal of investments received once the said dividends and profits are paid or when their investments in Wilmar are disposed of and to inform the Foreign Exchange Administration Department accordingly (“the Repatriation Condition”); and
- (ii) Shareholders who have overall investments abroad of RM50 million or more to complete the “Quarterly Report on External Assets and Liabilities of Resident Companies in Malaysia” commencing from the first quarter of 2007.

Note : Subsequent to the above announcement, Bank Negara Malaysia had, on 11 April 2007 waived the Repatriation Condition as follows :-

A resident (individual or corporation on a corporate group basis) with or without domestic ringgit borrowing is free to reinvest foreign currency dividends, profits and proceeds from the sale of overseas investments. Such proceeds may be retained in foreign currency accounts onshore or offshore.

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## 27 MAR

PPB had, on 27 March 2007, received a notification from CIMB on behalf of Wilmar that Wilmar had obtained the approval in principle from SGX-ST for the listing of and quotation for the new Wilmar Shares to be issued pursuant to Wilmar’s acquisition of the 65.8% equity interest in PGEO and the 28% equity interest in KOG.

**QUARTERLY REPORT**

CONDENSED CONSOLIDATED INCOME STATEMENTS For The Period Ended 31 March 2007

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
<b>Continuing operations</b>				
Revenue	688,768	598,069	688,768	598,069
Operating expenses	(630,521)	(561,188)	(630,521)	(561,188)
Other operating income	6,241	4,205	6,241	4,205
Profit from operations	64,488	41,086	64,488	41,086
Net profit from investing activities	27,165	3,194	27,165	3,194
Share of associated companies' profits less losses	7,011	5,553	7,011	5,553
Share of joint ventures' profits less losses	163	153	163	153
Finance costs	(1,112)	(1,113)	(1,112)	(1,113)
Profit before taxation	97,715	48,873	97,715	48,873
Taxation	(22,502)	(12,720)	(22,502)	(12,720)
Profit for the period from continuing operations	75,213	36,153	75,213	36,153
<b>Discontinued operations</b>				
Profit for the period from discontinued operations, net of tax	122,126	70,077	122,126	70,077
Profit for the period	197,339	106,230	197,339	106,230
Attributable to :-				
Shareholders of the Company	168,433	87,620	168,433	87,620
Minority interests	28,906	18,610	28,906	18,610
Profit for the period	197,339	106,230	197,339	106,230
Basic earnings per share (sen) :-				
- continuing operations	6.28	3.05	6.28	3.05
- discontinued operations	7.93	4.34	7.93	4.34
	14.21	7.39	14.21	7.39

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report.)

**QUARTERLY REPORT**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS For The Period Ended 31 March 2007

	<i>3 months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
Continuing operations	97,715	48,873
Discontinued operations	146,170	90,242
	<u>243,885</u>	<u>139,115</u>
Adjustments :-		
Non-cash items	(42,841)	177
Non-operating items	970	846
Operating profit before working capital changes	<u>202,014</u>	<u>140,138</u>
Working capital changes		
Net change in current assets	(13,410)	(78,918)
Net change in current liabilities	(80,137)	31,986
Cash generated from operations	108,467	93,206
Tax paid	(39,412)	(27,479)
<b>Net cash generated from operating activities</b>	<b>69,055</b>	<b>65,727</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(128,665)	(80,303)
Proceeds from disposal of property, plant and equipment	223	937
Purchase of investments	(94,257)	(1,320)
Proceeds from sale of investments	26,506	5,842
Redemption of preference shares in an associated company	34,035	-
Dividends received	30,816	3,758
Interest received	5,313	3,930
Other investing activities	(4,639)	(10,775)
<b>Net cash used in investing activities</b>	<b>(130,668)</b>	<b>(77,931)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued to minority shareholders of subsidiary companies	10,205	-
Bank borrowings	277,532	812
Interest paid	(15,188)	(4,796)
Dividends paid	(14,442)	(226)
Other financing activities	(10,306)	(5,484)
<b>Net cash generated from/(used in) financing activities</b>	<b>247,801</b>	<b>(9,694)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>186,188</b>	<b>(21,898)</b>
Cash and cash equivalents at 1 January	750,981	735,828
Effect of exchange rate changes	(2,991)	1,313
<b>Cash and cash equivalents at 31 March</b>	<b>934,178</b>	<b>715,243</b>
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	61,757	89,931
Bank deposits	813,312	630,427
Bank overdrafts	(2,290)	(5,115)
<u>Classified as held for sale :-</u>		
Cash & bank	26,105	-
Bank deposits	35,631	-
Bank overdrafts	(337)	-
	<u>934,178</u>	<u>715,243</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report.)

**QUARTERLY REPORT**  
 CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>As at 31-Mar-07 RM'000</i>	<i>As at 31-Dec-06 RM'000 (Restated)</i>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	809,250	1,430,328
Investment properties	232,375	206,204
Biological assets	2,122	921,038
Prepaid lease payments	80,600	503,061
Goodwill on consolidation	66,235	33,316
Other intangible assets	3,135	3,254
Land held for property development	445	437
Investment in associated companies	336,609	738,480
Interests in joint ventures	37,884	39,050
Other investments	386,369	388,653
Deferred tax assets	-	7,098
	<u>1,955,024</u>	<u>4,270,919</u>
<b>Current Assets</b>		
Inventories	372,491	956,951
Biological assets	16,989	48,562
Other intangible assets	8,534	9,221
Property development costs	58,395	52,614
Receivables	486,430	1,187,748
Cash, bank balances and deposits	889,328	762,712
	<u>1,832,167</u>	<u>3,017,808</u>
Assets of disposal group/Non-current assets classified as held for sale	3,831,998	195
	<u>5,664,165</u>	<u>3,018,003</u>
<b>TOTAL ASSETS</b>	<u><u>7,619,189</u></u>	<u><u>7,288,922</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	3,631,333	3,459,184
Amount recognised directly in equity relating to assets classified as held for sale	(808)	-
	<u>4,816,025</u>	<u>4,644,684</u>
Equity attributable to shareholders of the Company	4,816,025	4,644,684
Minority interests	868,654	886,641
<b>Total equity</b>	<u>5,684,679</u>	<u>5,531,325</u>

CONDENSED CONSOLIDATED BALANCE SHEETS ■

	<i>As at 31-Mar-07 RM'000</i>	<i>As at 31-Dec-06 RM'000 (Restated)</i>
<b>Non-current Liabilities</b>		
Long term borrowings	17,346	334,176
Deferred tax liabilities	65,148	302,535
	<u>82,494</u>	<u>636,711</u>
<b>Current Liabilities</b>		
Payables	205,993	720,558
Short term borrowings	52,182	356,665
Taxation	18,172	43,643
	<u>276,347</u>	<u>1,120,866</u>
Liabilities directly associated with assets classified as held for sale	1,575,669	20
	<u>1,852,016</u>	<u>1,120,886</u>
<b>Total liabilities</b>	<u>1,934,510</u>	<u>1,757,597</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,619,189</u>	<u>7,288,922</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>4.06</u>	<u>3.92</u>
Net assets per share (RM)	<u>4.80</u>	<u>4.67</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report.)



**QUARTERLY REPORT**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** For The Period Ended 31 March 2007

**3 months ended 31 March 2007**

At 1 January 2007

Net gains/(losses) recognised directly to equity

Profit for the year

Total recognised income and expenses for the period

Transfer of reserves

 Acquisition of additional shares in an existing  
 subsidiary

Shares issued to minority shareholders of subsidiaries

Capital reduction by a subsidiary

Dividends

At 31 March 2007

**3 months ended 31 March 2006**

As previously stated

Effects of adopting FRS 3

At 1 January 2006 (restated)

Net (losses)/gains recognised directly to equity

Profit for the period

Total recognised income and expenses for the period

Transfer of reserves

 Acquisition of additional shares in an existing  
 subsidiary

Dividends

At 31 March 2006

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000
At 1 January 2007	1,185,500	6,715	160,540
Net gains/(losses) recognised directly to equity	-	-	5,672
Profit for the year	-	-	-
Total recognised income and expenses for the period	-	-	5,672
Transfer of reserves	-	-	(565)
Acquisition of additional shares in an existing subsidiary	-	-	-
Shares issued to minority shareholders of subsidiaries	-	-	-
Capital reduction by a subsidiary	-	-	-
Dividends	-	-	-
At 31 March 2007	1,185,500	6,715	165,647
At 1 January 2006 (restated)	1,185,500	6,715	162,180
Effects of adopting FRS 3	-	-	-
At 1 January 2006 (restated)	1,185,500	6,715	162,180
Net (losses)/gains recognised directly to equity	-	-	-
Profit for the period	-	-	-
Total recognised income and expenses for the period	-	-	-
Transfer of reserves	-	-	(625)
Acquisition of additional shares in an existing subsidiary	-	-	-
Dividends	-	-	-
At 31 March 2006	1,185,500	6,715	161,555

 (The Condensed Consolidated Statement of Changes in Equity should be  
 31 December 2006 and the accompanying

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Non-distributable			Distributable		Minority interests RM'000	Total equity RM'000
Exchange translation reserve RM'000	Capital reserve RM'000	Relating to assets held for sale RM'000	Retained profits RM'000	Attributable to shareholders of the Company RM'000		
(33,901)	175,855	-	3,149,975	4,644,684	886,641	5,531,325
(1,608)	1	(808)	(349)	2,908	(10,466)	(7,558)
-	-	-	168,433	168,433	28,906	197,339
(1,608)	1	(808)	168,084	171,341	18,440	189,781
-	1	-	564	-	-	-
-	-	-	-	-	(25,740)	(25,740)
-	-	-	-	-	10,205	10,205
-	-	-	-	-	(6,450)	(6,450)
-	-	-	-	-	(14,442)	(14,442)
(35,509)	175,857	(808)	3,318,623	4,816,025	868,654	5,684,679
(15,590)	162,910	-	2,713,438	4,215,153	803,656	5,018,809
-	-	-	50,279	50,279	397	50,676
(15,590)	162,910	-	2,763,717	4,265,432	804,053	5,069,485
(7,258)	200	-	(19)	(7,077)	3,069	(4,008)
-	-	-	87,620	87,620	18,610	106,230
(7,258)	200	-	87,601	80,543	21,679	102,222
-	(162)	-	787	-	-	-
-	-	-	-	-	(1,033)	(1,033)
-	-	-	-	-	(226)	(226)
(22,848)	162,948	-	2,852,105	4,345,975	824,473	5,170,448

read in conjunction with the Annual Financial Statements for the year ended explanatory notes attached to this report.)

**A. FRS (Financial Reporting Standards) 134 - Paragraph 16****A1. a) Accounting policies**

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2006, except for the adoption of the revised FRS 117 : Leases and FRS 124 : Related Party Disclosures from 1 January 2007. The adoption of FRS 117 and FRS 124 does not have any financial impact on the financial statements for the current interim period.

Prior to 1 January 2007, the Group's leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land as prepaid lease payments. Leasehold land held for own use is now classified as operating lease. The up-front payments for leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

Effective 1 January 2007, the Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. Certain comparatives in the financial statements have been restated to conform with the current period presentation. There were no effects on the consolidated income statement for the financial year ended 31 December 2006.

	<i>As previously reported RM'000</i>	<i>Effects RM'000</i>	<i>As restated RM'000</i>
<b>Balance Sheets</b>			
Property, plant and equipment	1,933,389	(503,061)	1,430,328
Prepaid lease payments	-	503,061	503,061

**b) Discontinued operations**

The discontinued operations under B8 (c) & B8 (d) of this report have been presented in accordance with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the assets and liabilities as at 31 March 2007 of the subsidiaries PPB Oil Palms Berhad ("PPBOP"), PGEO Group Sdn Bhd ("PGEO") and the associated company Kuok Oils & Grains Pte Ltd ("KOG") are disclosed in the consolidated balance sheet as a disposal group held for sale and the results from these companies are also disclosed separately in the consolidated income statements as discontinued operations.

The financial results of the discontinued operations for the 3 months ended 31 March are as follows :-

	2007 RM'000	2006 RM'000 (Restated)
Revenue	2,386,080	2,083,383
Operating expenses	(2,302,867)	(2,028,727)
Other operating income	15,487	17,214
Profit from operations	98,700	71,870
Net profit from investing activities	450	332
Share of associated companies' profits less losses	56,065	22,455
Finance costs	(9,045)	(4,415)
Profit before taxation	146,170	90,242
Taxation	(24,044)	(20,165)
Profit for the period	<u>122,126</u>	<u>70,077</u>

**A2. Disclosure of audit report qualification and status of matters raised**

There was no qualification in the audit report of the preceding annual financial statements.

**A3. Seasonal or Cyclicity of Interim Operations**

The Group's operations are not materially 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 an 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 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.

**A7. Dividends paid**

There was no dividend paid during the financial period under review.

**A8. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 31 March 2007

All figures in RM'000

**Information About Business Segments:**
**REVENUE**

External sales

Inter-segment sales

Total revenue

**RESULT**

Segment operating results

Unallocated corporate expenses

Profit from operations

Investing activities

Share of associated companies' profits less losses

Share of joint ventures' profits less losses

Finance costs

Profit before taxation

	Continuing operations						
	Sugar refining and cane plantation	Grains trading, flour and feed milling	Oil palm plantations	Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution
External sales	285,380	215,731	608	13,350	10,761	10,213	36,923
Inter-segment sales	-	18,028	-	3,146	4,691	-	-
<b>Total revenue</b>	<b>285,380</b>	<b>233,759</b>	<b>608</b>	<b>16,496</b>	<b>15,452</b>	<b>10,213</b>	<b>36,923</b>
Segment operating results	30,344	30,287	226	253	(4,442)	(278)	6,122
Unallocated corporate expenses							
Profit from operations							
Investing activities							
Share of associated companies' profits less losses	1,347	2,496	-	-	-	1,114	378
Share of joint ventures' profits less losses	-	-	-	-	-	163	-
Finance costs							
Profit before taxation							

**A9. Valuation of Property, Plant and Equipment**

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

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

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

**A11. Changes in the composition of the Group**

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

- (a) On 5 March 2007, Sitaclean Technologies (M) Sdn Bhd ("Sitaclean"), an indirect wholly-owned subsidiary of PPB, was placed under member's voluntary winding-up. Arising therefrom, Sitaclean will cease to be an indirect subsidiary of PPB.

					Discontinued operations					Total operations
Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Total	Edible oils refining and trading	Oil palm plantations	Packaging	Elimination	Total	
9,034	31,354	75,414	-	688,768	2,324,730	45,321	16,029	-	2,386,080	3,074,848
316	477	7,572	(34,230)	-	31,949	135,700	-	(167,649)	-	-
9,350	31,831	82,986	(34,230)	688,768	2,356,679	181,021	16,029	(167,649)	2,386,080	3,074,848
2,548	807	1,981	175	68,023	19,875	76,772	2,053	-	98,700	166,723
				(3,535)					-	(3,535)
				64,488					98,700	163,188
				27,165					450	27,615
847	-	829	-	7,011	55,825	240	-	-	56,065	63,076
-	-	-	-	163	-	-	-	-	-	163
				(1,112)					(9,045)	(10,157)
				97,715					146,170	243,885

(b) The liquidation of Jasa Karya Sdn Bhd, a wholly-owned subsidiary company of PPB Oil Palms Berhad has been completed during the quarter.

(c) The liquidation of Fedflour Trading Company Limited, a wholly-owned subsidiary company of FFM Berhad has been completed during the quarter.

#### A12. Changes in contingent liabilities or contingent assets

The guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 31 March 2007 were reduced from RM4.55 million to RM2.55 million.

Chemquest Sdn Bhd, a 55% owned subsidiary of PPB, has granted unsecured corporate guarantees to a third party in respect of works being carried out by its 70% indirect subsidiary, Cipta Wawasan Maju Engineering Sdn Bhd.

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 for continuing operations of RM689 million for the period ended 31 March 2007 was 15% higher compared with RM598 million in the corresponding period last year mainly due to higher revenue generated from the sugar refining division.

Group profit before tax for continuing operations of RM98 million was double that of the same quarter last year of RM49 million. Lower raw sugar prices and increased sales by the grains trading, flour and feed milling division contributed to the better results. In addition, there was a gain of RM19.4 million from the disposal of the Group's 12.15% equity interest in Gula Padang Terap Plantations Sdn Bhd in this quarter.

Profit net of tax from the discontinued operations namely PPBOP, PGEO and KOG was also higher when compared with the same period last year mainly due to higher crop production and palm product prices.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

The Group profit before tax for continuing operations for the quarter under review of RM98 million was 17% higher compared with RM84 million for the preceding quarter. This was also mainly due to higher profits generated by the sugar refining division. Contributions from the discontinued operations were marginally higher when compared with the preceding quarter.

**B3. Prospects for current financial year**

For the current financial year, the Group's sugar refining division, grains trading, flour and feed milling and other divisions are expected to perform satisfactorily.

With the completion of the corporate proposals as disclosed in B8 (c) & B8 (d) (i) and pending the completion of B8 (d) (ii) & (iii) of this report by end June 2007, the Group will treat Wilmar International Limited, Singapore ("Wilmar") as an associated company and will equity account its profits in the 2nd quarter of 2007. The Group will also realise a one-time net gain of approximately RM6 billion for 2007.

Based on current market conditions, it is envisaged that Wilmar will be able to contribute positively in the current financial year. Overall, the Group should continue to maintain its performance for 2007.

**B4. Variance of actual profit from forecast profit**

Not applicable.

B5. Taxation	<i>Individual Quarter 3 months ended 31-Mar-2007 RM'000</i>	<i>Cumulative Quarter 3 months ended 31-Mar-2007 RM'000</i>
Tax comprises :-		
<u>Continuing operations</u>		
Malaysian taxation based on profit for the period:-		
Current	18,797	18,797
Deferred	1,262	1,262
	<u>20,059</u>	<u>20,059</u>
Underprovision		
Current	97	97
Deferred	2,346	2,346
	<u>22,502</u>	<u>22,502</u>
<u>Discontinued operations</u>		
Malaysian taxation based on profit for the period:-		
Current	18,379	18,379
Deferred	5,291	5,291
	<u>23,670</u>	<u>23,670</u>
Foreign Taxation		
Current	1,234	1,234
Deferred	(784)	(784)
	<u>24,120</u>	<u>24,120</u>
Overprovision		
Current	(6)	(6)
Deferred	(70)	(70)
	<u>24,044</u>	<u>24,044</u>

The effective tax rate is lower than the average statutory rate for the period mainly due to gain on sale of investments, tax exempt income and utilisation of reinvestment allowance by certain subsidiaries.

**B6. Profit/Loss on sale of unquoted investments and/or properties**

There is a gain on sale of unquoted investment amounting RM19.4 million. However, there is no sale of properties for the current financial period to-date under review.



**B7. Quoted securities**

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

	<i>Individual Quarter 3 months ended 31-Mar-2007 RM'000</i>	<i>Cumulative Quarter 3 months ended 31-Mar-2007 RM'000</i>
Total purchases	85	85
Total proceeds from disposals	1,157	1,157
Profit on disposal	306	306

- (b) Total investments in quoted securities as at 31 March 2007 is as follows:-

	<i>RM'000</i>
At cost	386,609
At book value	385,938
At market value	933,143

**B8. Status of corporate proposals**

- (a) On 28 November 2006, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB, entered into a Share Sale and Separation Agreement with Golden Harvest Films Distribution Holding Ltd, Hong Kong ("GH") to acquire GH's entire shareholding of 12,269,466 ordinary shares of RM1.00 each representing 40.2% equity interest in Golden Screen Cinemas Sdn Bhd for a total cash consideration of RM91.0 million ("the Acquisition").

The Acquisition was completed on 28 February 2007.

- (b) On 1 November 2006, Mantap Aman Sdn Bhd, an indirect subsidiary of PPB, entered into a joint venture agreement with Millerstar Pte Ltd, Singapore to construct and operate a wheat flour mill facility in the Republic of Indonesia to be undertaken by a joint venture company called P.T. Pundi Kencana.

P.T. Pundi Kencana is still in the process of establishing the wheat flour mill complete with silos, warehouses and other infrastructure facilities at Cilegon, a town situated on the western side of Java Island. The mill is expected to be operational by end-2008 based on current schedule.

- (c) On 24 April 2007, PPB accepted the conditional voluntary take-over offer as detailed in Wilmar International Limited's ("Wilmar") offer document dated 26 March 2007 in respect of PPB's entire direct and indirect 55.6% equity interests in PPBOP comprising 247,604,099 PPBOP ordinary shares in exchange for 569,489,427 Wilmar shares on the basis of 2.3 ordinary shares in Wilmar for each PPBOP share ("Take-over Offer").

Pursuant to the PPB's acceptance of the Take-over Offer, PPBOP has ceased to be a subsidiary of PPB.

Wilmar, has on 24 May 2007 allotted to PPB and its subsidiaries (Hexarich Sdn Bhd and Taloh Sdn Bhd) a total of 569,489,427 Wilmar shares as consideration pursuant to PPB's acceptance of the Take-over Offer.

- (d) On 27 April 2007, PPB's subsidiaries, FFM Berhad ("FFM") and Buxton Limited ("Buxton") entered into separate sale and purchase agreements ("SPA(s)") as follows :-
- (i) SPA between FFM and Wilmar for the disposal of FFM's 65.8% equity interest in PGEO to Wilmar;
  - (ii) SPA between FFM and Wilmar for the disposal of FFM's 17.1% equity interest in KOG to Wilmar; and
  - (iii) SPA between Buxton and Wilmar for the disposal of Buxton's 10.9% equity interest in KOG to Wilmar.

The disposal of FFM's 65.8% equity interest in PGEO to Wilmar was completed on 8 May 2007 and accordingly, PGEO has ceased to be a subsidiary of PPB.

The disposal of FFM's and Buxton's 17.1% and 10.9% equity interests in KOG respectively are expected to be completed end-June 2007.

**B9. Group borrowings**

Total Group borrowings as at 31 March 2007 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
<u>Continuing operations</u>			
Long term bank loans (CNY)	19,694	-	19,694
Hire purchase liabilities	266	266	-
Repayments due within the next 12 months	(2,614)	(150)	(2,464)
	<u>17,346</u>	<u>116</u>	<u>17,230</u>
Short term bank borrowings			
Bills payable	48	-	48
Short term loans	11,500	-	11,500
Short term loans (USD)	35,730	-	35,730
Current portion of long term loans	2,464	-	2,464
Hire purchase liabilities	150	150	-
	<u>49,892</u>	<u>150</u>	<u>49,742</u>
Bank overdrafts	2,290	616	1,674
	<u>52,182</u>	<u>766</u>	<u>51,416</u>
<u>Discontinued operations</u>			
Long term bank loans	64,435	-	64,435
Long term bank loans (USD)	282,211	-	282,211
Repayments due within the next 12 months	(931)	-	(931)
	<u>345,715</u>	<u>-</u>	<u>345,715</u>
Short term bank borrowings			
Bills payable	490,603	-	490,603
Short term loans	52,405	-	52,405
Current portion of long term loans	931	-	931
	<u>543,939</u>	<u>-</u>	<u>543,939</u>
Bank overdrafts	337	-	337
	<u>544,276</u>	<u>-</u>	<u>544,276</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 and where the foreign exchange contracts are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

As at 24 May 2007, the Group has hedged outstanding foreign currency contracts of USD22.6 million equivalent to RM77.3 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 arising from the differentials between the market selling and buying prices of futures contracts are recognised as income or expense in the income statement on settlement dates.

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.

As at 24 May 2007, the Group does not have any outstanding CPO futures contracts.

**B11. Material litigation**

There was no material litigation pending as at the date of this report.

**B12. Dividend**

The Final Dividend for the financial year ended 31 December 2006 was approved by shareholders at the Company's 38th Annual General Meeting held on 18 May 2007 and will be paid on Thursday, 7 June 2007.

The Directors do not recommend any interim dividend for the current financial period under review.

**Dividends Paid/Payable**

Dividends paid and payable for the financial year 2006 and up to the date of this report are as follows :-

Financial Year	Type	Rate	Payment Date
2006	Interim dividend	5 sen less 28% income tax	28 September 2006
2006	Final dividend	15 sen less 27% income tax	Payable on 7 June 2007

**B13. Earnings per Share**

The basic earnings per share has been calculated by dividing the Group's profit from continuing and discontinued operations for the current financial period attributable to the shareholders of the Company by 1,185,499,882 ordinary shares in issue during the period.

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

Kuala Lumpur  
30 May 2007

*By Order of the Board*  
**Tan Teong Boon**  
*Company Secretary*