



Registered Office:

PPB GROUP BERHAD | 8167-W

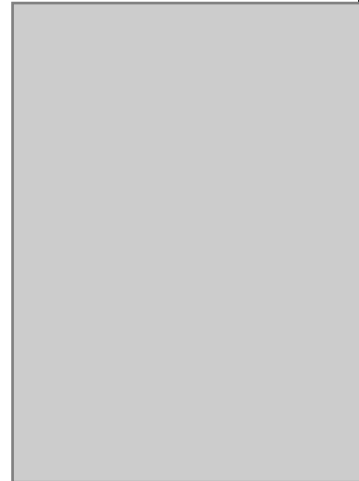
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INVESTOR UPDATE

30 June 2007

2nd

QUARTER REPORT



PPB GROUP BERHAD

Dear Shareholders,

29 August 2007

Greetings from PPB Group Berhad!!

This year, 2007, marks Malaysia's 50th year of independence. Malaysia has progressed steadily each year, thanks to the collaborative strength and contribution of each and every Malaysian.

Our culturally and resource rich country is poised to embrace modernization and development which will bring us closer to our vision to be a developed nation by year 2020. It is the joint efforts of all sectors, industries and individuals which are vital ingredient to ensure Malaysia's future growth and to overcome any challenges in sustaining a stable economy.

PPB Group Berhad wishes Malaysia a "Happy 50th Birthday" and to all Malaysians, many prosperous and harmonious years ahead.

2Q07 RESULTS

PPB Group Berhad's continuing operations posted an unaudited consolidated pre-tax profit of RM203.8 million for the six months ended 30 June 2007 which was 4% higher than that of the same period recorded last year of RM196 million. The better results were mainly due to lower raw sugar prices and increased sales from the grains trading, flour and feed milling division.

Group revenue for its continuing operations increased to RM1.418 billion, up 17% from RM1.213 billion principally due to higher revenue generated from the sugar refining and the grains, flour and feed milling division.

Profit for the first half of 2007 increased substantially to RM6.721 billion from RM319 million arising from a one-off gain of RM6.393 billion from the sale of discontinued operations of PPB Oil Palms Berhad (PPBOP), PGEO Group Sdn Bhd (PGEO) and Kuok Oils and Grains Pte Ltd (KOG) to Wilmar International Limited (Wilmar). Accordingly, profit attributable to shareholders of the Company increased to RM6.681 billion from RM242.9 million and earnings per share increased to 563.62 sen compared with 20.49 sen for the same period last year.

HAPPENINGS

The disposals of PPBOP and the Group's edible oils, specialty fats, oleochemicals and trading businesses under PGEO and KOG to Wilmar was successfully completed end June 2007, driving Wilmar to become one of Asia's largest integrated agribusiness groups. Resulting from this corporate exercise, PPB becomes the second largest shareholder in Wilmar, owning 18.2% equity interest.

During the 2nd quarter of the year, PPB Group held its 38th Annual General Meeting and an Extraordinary General Meeting to approve the disposal of the palm oil and related businesses to Wilmar at Wisma Jerneh. Both meetings were well attended by shareholders or their proxies, and all resolutions were approved.

CSR ACTIVITIES

FFM Marketing Sdn Bhd, a 100% subsidiary of PPB Group, visited 2 children homes in Melaka and Selangor, and contributed food and household products to both homes. The participating staffs also spent time entertaining the children with games and gifts.

PPB Group also resumed its annual health awareness campaign for its employees, by organizing a talk on eye care at Wisma Jerneh. A top ophthalmologist was invited to do a presentation and to provide free eye examination for PPB Group employees with diabetes.

GOING FORWARD

Looking at PPB's first half year results and the current business environment, PPB Group is optimistic that its financial and operational targets can be achieved and PPB should perform well for the year.

Datuk Oh Siew Nam
Executive Chairman



EXTRAORDINARY GENERAL MEETING AND 38TH ANNUAL GENERAL MEETING OF PPB GROUP BERHAD

In the 2nd quarter of 2007, PPB held two general meetings at Wisma Jerneh. The first was an Extraordinary General Meeting (EGM) held on 12 April 2007 to obtain shareholders' approval on the following proposed disposals to Wilmar International Limited (Wilmar) :-

- i. PPB's 55.6% direct and indirect equity interests in PPB Oil Palms Berhad via acceptance of the Conditional Voluntary Take-over Offer by Wilmar;
- ii. FFM Berhad's ("FFM") 65.8% equity interest in PGEO Group Sdn Bhd; and
- iii. FFM's 28% direct and indirect equity interests in Kuok Oils & Grains Pte Ltd.

PPB's Executive Chairman, Datuk Oh Siew Nam, together with the Board of Directors and the Main Adviser, AmlInvestment Bank Berhad, were on hand to deal with the numerous questions raised on various aspects of the proposals. All three resolutions for the disposals were approved and a press conference was held immediately after the EGM.

On 18 May 2007, the 38th Annual General Meeting (AGM) of PPB was held and was well attended by shareholders and proxies. At the AGM, the Executive Chairman briefed and answered questions from shareholders including the Minority Shareholder Watchdog Group on the audited financial statements for the year ended 31 December 2006 and other related matters. All resolutions tabled at the AGM were approved.

FILM FESTIVALS

at GSC International Screens

The 2007 Holland Film Festival kicked off the year's foreign film festivals at GSC International Screens. Organized by the Embassy of the Netherlands as part of a series of celebration marking 50 year's of Netherlands - Malaysian diplomatic relations, the festival was launched on 25 April 2007 and attended by YB Dato Wong Kam Hoong, Deputy Minister of Ministry of Culture, Arts and Heritage; HE Lody Embrechts, Ambassador of the Netherlands; GSC CEO, Ms Koh Mei Lee; and ambassadors from Austria, Belgium, Sweden, Ireland, Italy, Poland and Czech Republic.

The biennial film festival, which first graced GSC's big screens 2 years ago to good response from the movie-going public, gave Malaysians an opportunity to enjoy the rich culture of Holland as illustrated in the movies on big screens alongside the likes of popular Hollywood blockbusters.

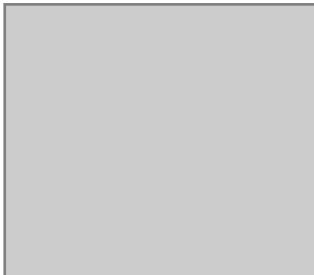
Eight (8) films were especially brought in by the Embassy of the Netherlands for the film festival which was held exclusively at the GSC Mid Valley from 26 April to 2 May 2007 including the multi-award winning "Schnitzel Paradise", "Blue Bird", and "Paradise Now".

The second film festival of the year, the 7th French Film Festival, was formally launched at the GSC Mid Valley, Kuala Lumpur on 16 May 2007. Among the special guests at the event were GSC Chairman, Gen (R) Tan Sri Dato' Mohd Ghazali Seth; GSC CEO, Ms Koh Mei Lee; Charge d'Affaires of Embassy of France, Mr Charles-Henri Brosseau; and ambassadors from Austria, USA, Hungary, Italy and Russia.

The film "La Mome" took centre stage this year as the opening film at the launch. This tear-jerking biographical piece documents the life stages of a French singer, Edith Piaf - from her childhood to glory, from her victories to her pains.

The Film Festival is organised by the Embassy of France under the umbrella of the French Art Festival, and was held at GSC International Screens of Mid Valley from 24 May to 3 June 2007, showcasing seven (7) titles. Five (5) titles were screened at the GSC International Screens in GSC Gurney Plaza, Penang from 7 to 13 June 2007.

Film festivals are gaining a following amongst Malaysian movie-goers as they have become more discerning and demand a wider selection of movies other than the commercial Hollywood movies.



HEALTH AWARENESS TALK ON EYE CARE

On 26 May 2007, PPB organized a health awareness talk on eye care for its group employees. The talk was presented by Dr Kewaljit Singh, a Consultant Ophthalmologist at Apollo Medical Centre Taman Tun Dr Ismail and a visiting Ophthalmologist for the Ministry of Health (Wilayah) and Malaysian Airlines Medical Care. He is also a member of the technical sub-committee of "Fight against Diabetes" programme by the National Diabetes Institute.

Dr Kewaljit's enlightening presentation covers amongst others the practical eye care steps, the pros and cons of Lasik surgery, and the dos and don'ts in the event of chemical injury, retinal detachment and glaucoma. Free eye examination session for employees with diabetes was held right after the presentation.

The half day event gave the Group's employees insights and information on caring for their eyes as well as that of their family. It was also a great opportunity for everyone to network while indulging in the local snacks prepared.



VISITS TO HOMES FOR THE UNDERPRIVILEGED



FFM Marketing Sdn Bhd (FMSB), a 100% subsidiary of PPB Group, organized two visits to homes for the underprivileged in the 2nd quarter of 2007. The first visit, on 14 April 2007, was to Happiness Centre Home for Orphans & Mentally Disabled Children. They also took the opportunity to donate food products to the centre.

Located in Klebang Kecil, Melaka, the centre is run on 24-hour basis and is home to 35 persons ranging from 4 years old to 29 years old who have been abandoned by their family.

Most of the residents have multiple paralyses from cerebral palsy, polio, paralysis of the lower limbs or one-half of the body, speech impairment, blindness and mental disorders, and thus were not able to talk or be independent. Coming from poor backgrounds or broken homes, they have been refused admission to other welfare homes and institutions as they are bedridden and unable to acquire skills.

The second home visit was held on 23 June 2007 where twenty of FMSB's employees travelled to the House of Joy.

The House of Joy, which was established in 1992 is a cluster of homes for about 90 residents and is headed by Reverend Tang Chee Sing. Among the residents, 55 of them are children and teenagers, 15 old folks and 10 special children.

The FMSB's staff entertained the children with games and gifts of cartoon figurines and toy cars, and contributed food and household items to the homes.

The two visits were eye-openers for the employees of FMSB who participated as it gave them a glimpse of the residents' daily lives, and the dedication and love of the staff and volunteers at the centers.

Food Contribution

In May and June 2007, PPB Group Berhad contributed food supplies such as sugar, oil, sardines and nata de coco produced, marketed or distributed by its subsidiaries to the following centers for the underprivileged:

- 1) Faith Centre (Jalan Ipoh, Kuala Lumpur)
- 2) Rumah Shalom (Children's orphanage in Puchong, Selangor)
- 3) Welcome Community Centre (Home and hospice care services centre for people living with HIV/AIDS in Batu Arang, Selangor)
- 4) Handicapped & Mentally Retarded Children Centre (Ampang, Selangor)

2nd Quarter Share Analysis

Following a gain of 13.7% in 1Q2007, the Kuala Lumpur Composite Index (KLCI) rose by 8.6% to 1,354.4 points in 2Q2007. The market continued to move higher in April and May with sentiment underpinned by the government's measures to abolish real property gains taxes and grant tax exemptions for selected companies based in the Iskandar Development Region in Johor. After touching a new record high of 1,391.5 points on 22nd June, the KLCI moderated on profit-taking and closed the second quarter at 1,354.4 points for a gain of 8.6%.

[Source: Public Mutual website (www.publicmutual.com.my)]

PPB share price outperformed the KLCI to close 18.75% higher at RM7.60 on the last trading day of the quarter compared with RM6.40. However, reflecting the lower KLCI trading volume, PPB's daily average volume decreased by 36.98%, with a market capitalization of RM9.01 billion.

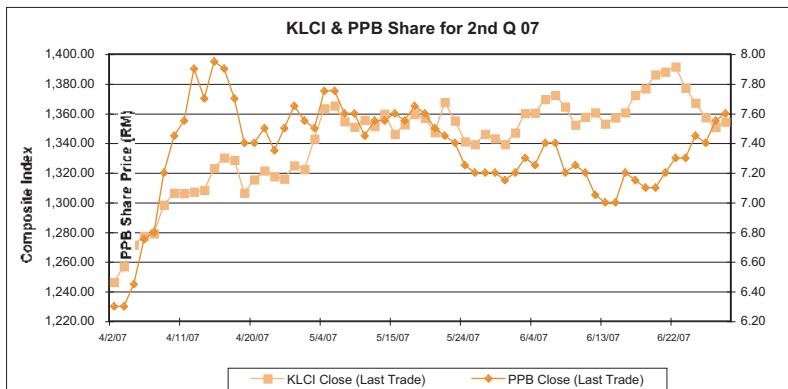
**PPB Share & Kuala Lumpur Composite Index
Performance for 2nd Q 2007**

	2nd Q 2007	1st Q 2007	% change
PPB share price			
Closing price (high)	7.95	6.40	24.22%
Closing price (low)	6.30	5.25	20.00%
Month end closing price	7.60	6.40	18.75%
Weighted share price	7.41	5.72	29.55%
Market capitalization (RM' million)	9,009.80	7,587.20	18.75%

	2nd Q 2007	1st Q 2007	% change
PPB share volume			
Daily volume (high)	3,902,400	6,907,700	-43.51%
Daily volume (low)	167,400	209,200	-19.98%
Average daily volume	938,074	1,488,585	-36.98%

	2nd Q 2007	1st Q 2007	% change
Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	1,391.57	1,283.47	8.42%
KLCI closing (low)	1,246.30	1,106.06	12.68%
KLCI month end closing	1,354.38	1,246.87	8.62%

	2nd Q 2007	1st Q 2007	% change
Kuala Lumpur Composite Index (KLCI) volume			
Daily volume (high)	337,428,300	614,671,400	-45.10%
Daily volume (low)	107,238,200	125,337,200	-14.44%
Average daily volume	226,112,029	285,610,705	-20.83%



Financial period ended
(All figures in RM million)

6 MONTHS		Change %	12 MONTHS
30.06.07	30.06.06 (Restated)		31.12.06

INCOME STATEMENTS
Continuing operations

Revenue	1,418	1,212	17.0	
Profit from operations	129	65	98.5	
Profit before taxation	204	196	4.1	
Profit for the period from continuing operations, net of tax	160	178	(10.1)	

Discontinued operations

Revenue	3,165	4,011	(21.1)	
Profit from operations	130	144	(9.7)	
Profit before taxation	6,592	178	>100.0	
Profit for the period from discontinued operations, net of tax	6,561	142	>100.0	

Group total

Revenue	4,583	5,223	(12.3)	11,520
Profit from operations	259	209	23.9	584
Profit before taxation	6,796	374	>100.0	840
Profit for the period	6,721	320	>100.0	694
Profit attributable to Shareholders of the Company	6,682	243	>100.0	561

BALANCE SHEET

Non-current assets	9,900	4,053	>100.0	4,271
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Current assets

Cash and bank deposits	802	1,142	(29.8)	763
Assets of disposal group/Non-current assets classified as held for sale	56	3	>100.0	0
Others	951	1,979	(51.9)	2,255
Total current assets	1,809	3,124	(42.1)	3,018

Total assets

11,709	7,177	63.1	7,289
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Equity

Share capital	1,186	1,186	0.0	1,186
Reserves	9,972	3,186	>100.0	3,459
Equity attributable to Shareholders of the Company	11,158	4,372	>100.0	4,645
Minority interests	155	842	(81.6)	886
Total equity	11,313	5,214	>100.0	5,531

Non-current liabilities

Bank borrowings	14	505	(97.2)	334
Others	67	314	(78.7)	303
Total non-current liabilities	81	819	(90.1)	637

Financial period ended
(All figures in RM million)

6 MONTHS		Change %	12 MONTHS
30.06.07	30.06.06 (Restated)		31.12.06

Current liabilities

Bank borrowings	42	578	(92.7)	357
Others	273	566	(51.8)	764
Total current liabilities	315	1,144	(72.5)	1,121
Total liabilities	396	1,963	(79.8)	1,758
Total equity and liabilities	11,709	7,177	63.1	7,289

RATIOS

Return on equity attributable to shareholders of the Company	(%)	59.9	5.6	12.1
Earnings per share	(sen)	563.6	20.5	47.3
Earnings per share*	(sen)	24.4	20.5	47.3
Interest coverage*	(times)	35.1	34.0	26.7
Current ratio	(times)	5.7	2.7	2.7
Total borrowings/Equity	(%)	0.5	20.8	12.5
Long term borrowings/Equity	(%)	0.1	9.7	6.0
Net assets per share attributable to shareholders of the Company	(RM)	9.4	3.7	3.9
Net assets per share	(RM)	9.5	4.4	4.7
Net dividend per share	(sen)	3.6	3.6	14.5

STOCK MARKET INFORMATION

Share price	(RM)	7.60	4.00	5.45
Market capitalisation	(RM million)	9,010	4,744	6,464
PE ratio*	(times)	15.6	9.8	11.5

* Exclude the one-time gain from disposal of PPB Oil Palms Bhd, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd amounting to RM6.4 billion.

02 APR

The Securities Commission (“SC”) had, via its letter dated 29 March 2007, approved the following proposed disposals by :

- i) PPB of its 55.6% (direct and indirect) equity interests in PPB Oil Palms Berhad (“PPBOP”) via acceptance of the Take-over Offer for a total consideration of 569,489,427 ordinary shares in Wilmar International Limited (“Wilmar”);
- ii) FFM Berhad (“FFM”) of its 65.8% direct equity interest in PGEO Group Sdn Bhd (“PGEO”) for a total consideration of 287,122,772 Wilmar shares; and
- iii) FFM of its 28% (direct and indirect) equity interests in Kuok Oils & Grains Pte Ltd (“KOG”) for a total consideration of 305,635,556 Wilmar shares.
(collectively referred to as the “Proposed Disposals”).

The SC’s approval was subject to the following conditions :-

- a) CIMB Investment Bank Berhad (“CIMB”) and PPB to fully comply with all relevant requirements as stipulated in the Policies and Guidelines on Issue/Offer of Securities in relation to the implementation of the Proposed Disposals; and
- b) CIMB to inform the SC upon completion of the Proposed Disposals.

05 APR

PPB had received a notification from CIMB, on behalf of Wilmar, that the SC [on behalf of Foreign Investment Committee (“FIC”)] had no objection to the proposed acquisition of PGEO by Wilmar subject to the following conditions :

- a) PGEO to comply with the equity conditions imposed by the Ministry of International Trade and Industry (“MITI”) on its subsidiaries following the proposed acquisition of PGEO by Wilmar through MITI’s letter dated 23 March 2007;
- b) Wilmar to obtain approval under the FIC’s Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests for any disposal of shares or assets in PGEO which will change Wilmar’s ownership in PGEO; and
- c) Wilmar to inform the SC as soon as the said proposal is completed.

24 APR

PPB had on 24 April 2007 accepted the Take-Over offer as detailed in Wilmar’s offer document dated 26 March 2007 in respect of all of PPB’s direct and indirect 55.6% equity interests in PPBOP comprising 247,604,099 ordinary shares on the basis of 2.3 ordinary shares in Wilmar in exchange for each PPBOP share.

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

27 APR

PPB's subsidiaries, FFM and Buxton Limited had on 27 April 2007 entered into separate sale and purchase agreements ("SPA") 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.

Wilmar had on 26 April 2007, announced to the Singapore Exchange Securities Trading Limited ("SGX-ST") that its shareholders had approved the following at an extraordinary general meeting held on 26 April 2007 :

- i) The proposed acquisition by Wilmar of 65.8% of the issued ordinary shares in PGEO;
- ii) The proposed acquisition by Wilmar of all the issued ordinary shares in KOG;
- iii) The issuance of 287,122,772 new Wilmar shares to satisfy the consideration for the proposed acquisition of PGEO; and
- iv) The issuance of 1,091,555,558 new Wilmar shares to satisfy the consideration for the proposed acquisition of KOG.

08 MAY

The proposed disposal by FFM of its 65.8% equity interest in PGEO to Wilmar was completed on 8 May 2007 and PGEO had ceased to be a subsidiary of PPB.

The issuance of Wilmar shares as consideration for the proposed disposal of PGEO by FFM had resulted in PPB having shareholdings of more than 5% in the issued and paid-up capital of Wilmar.

18 MAY

All the resolutions tabled at the 38th Annual General Meeting of PPB held on 18 May 2007 were passed.

24 MAY

Wilmar had 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 the Take-over Offer. The said Wilmar shares were listed on the SGX-ST on 25 May 2007.

30 MAY

Release of 1st Quarter Report for the period ended 31 March 2007.

28 JUN

PPB entered into a Sale and Purchase Agreement for the disposal of its entire 55% equity interest comprising 33,000,000 ordinary shares of RM1.00 each in Ampang Leisuremall Sdn Bhd ("ALSB") to Huatland Development Sdn Bhd for a total consideration of RM21.12 million ("the Disposal"). Upon completion of the Disposal, ALSB shall cease to be a subsidiary of PPB.

28 JUN

The proposed disposal by FFM of its 28% (direct and indirect) equity interests in KOG was completed on 28 June 2007 and KOG had ceased to be an associated company of PPB.

As at 28 June 2007, PPB and its subsidiaries held a total of 18.2% equity interest in Wilmar.

QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS For The Period Ended 30 June 2007

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
Continuing operations				
Revenue	729,364	614,446	1,418,132	1,212,515
Operating expenses	(668,189)	(594,913)	(1,298,710)	(1,156,101)
Other operating income	3,475	4,621	9,716	8,826
Profit from operations	64,650	24,154	129,138	65,240
Net profit from investing activities	44,981	118,075	72,146	121,269
Share of associated companies' profits less losses	(2,547)	6,126	4,464	11,679
Share of joint ventures' profits less losses	165	65	328	218
Finance costs	(1,156)	(1,265)	(2,268)	(2,378)
Profit before taxation	106,093	147,155	203,808	196,028
Taxation	(21,170)	(5,220)	(43,672)	(17,940)
Profit for the period from continuing operations	84,923	141,935	160,136	178,088
Discontinued operations				
Profit for the period from discontinued operations, net of tax	46,011	71,678	168,137	141,755
Gain on sale of discontinued operations	6,392,894	-	6,392,894	-
Profit for the period	6,523,828	213,613	6,721,167	319,843
Attributable to :-				
Shareholders of the Company	6,513,260	155,338	6,681,693	242,958
Minority interests	10,568	58,275	39,474	76,885
Profit for the period	6,523,828	213,613	6,721,167	319,843
Basic earnings per share (sen) :-				
- continuing operations	7.15	8.38	13.43	11.43
- discontinued operations	542.26	4.72	550.19	9.06
	549.41	13.10	563.62	20.49

(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 BALANCE SHEETS

	<i>As at 30-Jun-07 RM'000</i>	<i>As at 31-Dec-06 RM'000 (Restated)</i>
ASSETS		
Non-current Assets		
Property, plant and equipment	820,263	1,430,328
Investment properties	176,183	206,204
Biological assets	2,148	921,038
Prepaid lease payments	78,675	503,061
Goodwill on consolidation	73,033	33,316
Other intangible assets	2,932	3,254
Land held for property development	445	437
Investment in associated companies	8,321,942	738,480
Interests in joint ventures	37,448	39,050
Other investments	387,442	388,653
Deferred tax assets	-	7,098
	<u>9,900,511</u>	<u>4,270,919</u>
Current Assets		
Inventories	369,360	956,951
Biological assets	19,010	48,562
Other intangible assets	8,280	9,221
Property development costs	65,671	52,614
Receivables	488,457	1,187,748
Cash, bank balances and deposits	802,216	762,712
	<u>1,752,994</u>	<u>3,017,808</u>
Assets of disposal group/Non-current assets classified as held for sale	55,949	195
	<u>1,808,943</u>	<u>3,018,003</u>
TOTAL ASSETS	<u>11,709,454</u>	<u>7,288,922</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	9,972,140	3,459,184
Equity attributable to shareholders of the Company	<u>11,157,640</u>	<u>4,644,684</u>
Minority interests	155,476	886,641
Total equity	<u>11,313,116</u>	<u>5,531,325</u>

QUARTERLY REPORT
CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>As at 30-Jun-07 RM'000</i>	<i>As at 31-Dec-06 RM'000 (Restated)</i>
Non-current Liabilities		
Long term borrowings	14,644	334,176
Deferred tax liabilities	66,858	302,535
	<u>81,502</u>	<u>636,711</u>
Current Liabilities		
Payables	246,158	720,558
Short term borrowings	42,192	356,665
Taxation	26,466	43,643
	<u>314,816</u>	<u>1,120,866</u>
Liabilities directly associated with assets classified as held for sale	20	20
	<u>314,836</u>	<u>1,120,886</u>
Total liabilities	<u>396,338</u>	<u>1,757,597</u>
TOTAL EQUITY AND LIABILITIES	<u>11,709,454</u>	<u>7,288,922</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>9.41</u>	<u>3.92</u>
Net assets per share (RM)	<u>9.54</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 CASH FLOW STATEMENTS For The Period Ended 30 June 2007

	<i>6 months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
	<i>RM'000</i>	<i>RM'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	203,808	196,028
Discontinued operations	6,592,435	177,590
	<u>6,796,243</u>	<u>373,618</u>
Adjustments :-		
Non-cash items	(40,370)	(75,667)
Non-operating items	(6,435,560)	(23,297)
Operating profit before working capital changes	<u>320,313</u>	<u>274,654</u>
Working capital changes		
Net change in current assets	(169,429)	(275,496)
Net change in current liabilities	4,927	70,754
Cash generated from operations	<u>155,811</u>	<u>69,912</u>
Tax paid	(58,595)	(51,804)
Net cash generated from operating activities	97,216	18,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(165,023)	(213,401)
Proceeds from disposal of property, plant and equipment	5,672	4,105
Purchase of investments	(106,442)	(6,731)
Proceeds from sale of investments	21,322	145,426
Redemption of preference shares in an associated company	33,912	-
Dividends received	70,667	32,609
Interest received	12,268	10,205
Subsidiary companies - net cash disposed	(77,633)	-
Other investing activities	10,637	23
Net cash used in investing activities	(194,620)	(27,764)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	9,886	-
Bank borrowings	360,695	570,560
Interest paid	(16,345)	(13,479)
Dividends paid	(145,369)	(162,787)
Other financing activities	(59,714)	(5,305)
Net cash generated from financing activities	149,153	388,989
Net increase in cash and cash equivalents	51,749	379,333
Cash and cash equivalents at 1 January	750,981	735,828
Effect of exchange rate changes	(2,691)	10,582
Cash and cash equivalents at 30 June	800,039	1,125,743
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	62,486	294,980
Bank deposits	739,702	833,609
Bank overdrafts	(2,158)	(2,846)
	<u>800,030</u>	<u>1,125,743</u>
Bank balance classified as held for sale	9	-
	<u>800,039</u>	<u>1,125,743</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 STATEMENT OF CHANGES IN EQUITY For The Period Ended 30 June 2007

6 months ended 30 June 2007

At 1 January 2007

Net gains/(losses) recognised directly to equity
Profit for the year

Total recognised income and expenses for the period

Disposal of shares in subsidiaries

Transfer of reserves

Acquisition of additional shares in an existing
subsidiary

Shares issued to minority shareholders of subsidiaries

Capital reduction by subsidiaries

Dividends

At 30 June 2007

6 months ended 30 June 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 subsidiaries

Capital reduction by a subsidiary

Dividends

At 30 June 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	-	-	5,697
Profit for the year	-	-	-
Total recognised income and expenses for the period	-	-	5,697
Disposal of shares in subsidiaries	-	-	-
Transfer of reserves	-	-	(106,362)
Acquisition of additional shares in an existing subsidiary	-	-	-
Shares issued to minority shareholders of subsidiaries	-	-	-
Capital reduction by subsidiaries	-	-	-
Dividends	-	-	-
At 30 June 2007	1,185,500	6,715	59,875
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	-	-	(914)
Acquisition of subsidiaries	-	-	-
Capital reduction by a subsidiary	-	-	-
Dividends	-	-	-
At 30 June 2006	1,185,500	6,715	161,266

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Non-distributable		Distributable		Attributable to shareholders of the Company RM'000	Minority interests RM'000	Total equity RM'000
Exchange translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000				
(33,901)	175,855	3,149,975	4,644,684	886,641	5,531,325	
2,535	(47,157)	-	(38,925)	(8,722)	(47,647)	
-	-	6,681,693	6,681,693	39,474	6,721,167	
2,535	(47,157)	6,681,693	6,642,768	30,752	6,673,520	
-	-	-	-	(673,302)	(673,302)	
-	(45,600)	151,962	-	-	-	
-	-	-	-	(29,244)	(29,244)	
-	-	-	-	9,886	9,886	
-	-	-	-	(53,700)	(53,700)	
-	-	(129,812)	(129,812)	(15,557)	(145,369)	
(31,366)	83,098	9,853,818	11,157,640	155,476	11,313,116	
(15,590)	162,910	2,713,438	4,215,153	803,656	5,018,809	
-	-	48,277	48,277	397	48,674	
(15,590)	162,910	2,761,715	4,263,430	804,053	5,067,483	
(9,362)	2,736	(31)	(6,657)	152	(6,505)	
-	-	242,958	242,958	76,885	319,843	
(9,362)	2,736	242,927	236,301	77,037	313,338	
-	3,520	(2,606)	-	-	-	
-	-	-	-	(1,054)	(1,054)	
-	-	-	-	(2,722)	(2,722)	
-	-	(128,034)	(128,034)	(34,752)	(162,786)	
(24,952)	169,166	2,874,002	4,371,697	842,562	5,214,259	

(The Condensed Consolidated Statement of Changes in Equity 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.)

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>
<u>Balance Sheets</u>			
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 in this report have been presented in accordance with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the results of PPB Oil Palms Berhad ("PPBOP"), PGEO Group Sdn Bhd ("PGEO") and Kuok Oils & Grains Pte Ltd ("KOG") are disclosed separately in the consolidated income statements as discontinued operations up to the respective dates of completion.

The financial results of the discontinued operations for the 6 months ended 30 June are as follows :-

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
Revenue	778,908	1,927,456	3,164,988	4,010,839
Operating expenses	(752,832)	(1,850,995)	(3,055,699)	(3,879,722)
Other operating income	5,186	(4,237)	20,673	12,977
Profit from operations	31,262	72,224	129,962	144,094
Net profit from investing activities	6,393,048	424	6,393,498	756
Share of associated companies' profits less losses	22,460	19,225	78,525	41,680
Finance costs	(505)	(4,525)	(9,550)	(8,940)
Profit before taxation	6,446,265	87,348	6,592,435	177,590
Taxation	(7,360)	(15,670)	(31,404)	(35,835)
Profit for the period	6,438,905	71,678	6,561,031	141,755

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.

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

	Individual Quarter 3 months ended 30-Jun-2007 RM'000	Cumulative Quarter 6 months ended 30-Jun-2007 RM'000
<u>Dividends paid on ordinary shares</u>	129,812	129,812
2006 : Final dividend - 15 sen less tax		

A8. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 June 2007

All figures in RM'000 Information About Business Segments:	Continuing operations						
	Sugar refining and cane plantation	Grains trading, flour and feed milling	Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development
REVENUE							
External sales	571,894	442,653	28,436	23,828	22,068	77,809	27,637
Inter-segment sales	-	36,171	6,211	8,106	-	-	630
Total revenue	571,894	478,824	34,647	31,934	22,068	77,809	28,267
RESULT							
Segment operating results	69,603	47,829	(81)	(8,423)	20	13,207	7,532
Unallocated corporate expenses							
Profit from operations							
Investing activities							
Share of associated companies' profits less losses	2,072	4,693	-	-	1,878	698	4,300
Share of joint ventures' profits less losses	-	-	-	-	328	-	-
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. The winding-up is still in progress.

				Discontinued operations					Total operations
Chemicals trading and manufacturing	Other operations	Elimination	Total	Edible oils refining and trading	Oil palm plantations	Packaging	Elimination	Total	
62,268	161,539	-	1,418,132	3,080,979	62,738	21,271	-	3,164,988	4,583,120
733	10,904	(62,755)	-	43,570	188,423	-	(231,993)	-	-
63,001	172,443	(62,755)	1,418,132	3,124,549	251,161	21,271	(231,993)	3,164,988	4,583,120
3,343	3,630	420	137,080	22,037	105,266	2,659	-	129,962	267,042
			(7,942)					-	(7,942)
			129,138					129,962	259,100
			72,146					6,393,498	6,465,644
-	(9,177)	-	4,464	78,285	240	-	-	78,525	82,989
-	-	-	328	-	-	-	-	-	328
			(2,268)					(9,550)	(11,818)
			<u>203,808</u>					<u>6,592,435</u>	<u>6,796,243</u>

A12. Changes in contingent liabilities or contingent assets

	As at 18-Jul-07 RM'000	As at 31-Dec-06 RM'000
<u>Contingent liabilities</u>		
Unsecured guarantees issued in consideration of credit facilities given to associated companies	2,550	4,550

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.

Contingent assets

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 RM1.4 billion for the period ended 30 June 2007 was 17% higher compared with RM1.2 billion in the corresponding period last year mainly due to higher revenue generated by the sugar refining and the grains trading, flour and feed milling divisions.

Group profit before tax for continuing operations of RM204 million was marginally higher than that of the same period last year of RM196 million. Lower raw sugar prices and increased sales by the grains trading, flour and feed milling division contributed to the better results. Wilmar International Limited ("Wilmar") which is now an associate company of the Group has contributed profits with effect from May 2007. However, the share of associates results was lower than the same period last year due to losses incurred by Trinity Coral Sdn Bhd ("Trinity").

Net profit after 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.

With the completion of the disposal of PPBOP, PGEO and KOG in this quarter, the Group realised a total one-time gain of RM6.4 billion.

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 RM106 million was 9% higher compared with RM98 million for the preceding quarter. This was mainly due to higher profits generated by the sugar refining and the property investment and development divisions. Losses incurred by Trinity was partly compensated by Wilmar's profit contribution to the Group for the quarter under review.

B3. Prospects for current financial year

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

Based on Wilmar's current performance, it is anticipated that it will also be able to contribute positively in the financial year. Notwithstanding the one-time gain of RM6.4 billion, the Group operations should be able to maintain its financial performance for 2007.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation	<i>Individual Quarter 3 months ended 30-Jun-2007 RM'000</i>	<i>Cumulative Quarter 6 months ended 30-Jun-2007 RM'000</i>
Tax comprises :-		
<u>Continuing operations</u>		
Malaysian taxation based on profit for the period:-		
Current	19,721	38,518
Deferred	1,546	2,808
	21,267	41,326
(Over)/underprovision		
Current	(97)	-
Deferred	-	2,346
	21,170	43,672
<u>Discontinued operations</u>		
Malaysian taxation based on profit for the period:-		
Current	3,346	21,725
Deferred	1,915	7,206
	5,261	28,931
Foreign Taxation		
Current	1,328	2,562
Deferred	690	(94)
	7,279	31,399
Underprovision		
Current	11	5
Deferred	70	-
	7,360	31,404

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 was a gain on sale of unquoted investment amounting to RM19.4 million. However, there was a loss incurred on the sale of properties amounting to RM142,000 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 were as follows :-

	<i>Individual Quarter 3 months ended 30-Jun-2007 RM'000</i>	<i>Cumulative Quarter 6 months ended 30-Jun-2007 RM'000</i>
Total purchases	1,910	1,995
Total proceeds from disposals	610	1,767
Profit on disposals	91	397

- (b) Total investments in quoted securities as at 30 June 2007 were as follows:-

	<i>RM'000</i>
At cost	387,960
At book value	387,010
At market value	914,616

B8. Status of corporate proposals

- (a) On 1 November 2006, Mantap Aman Sdn Bhd, an indirect subsidiary of PPB had 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.

- (b) 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 17.1% equity interest in KOG to Wilmar; and
 - ii. SPA between Buxton and Wilmar for the disposal of Buxton's 10.9% equity interest in KOG to Wilmar.

On 28 June 2007, the above disposals by FFM and Buxton were completed and KOG had ceased to be an associated company of PPB.

- (c) On 28 June 2007, PPB entered into a Sale and Purchase Agreement for the disposal of its entire 55% equity interest comprising 33,000,000 ordinary shares of RM1.00 each in Ampang Leisuremall Sdn Bhd ("ALSB") to Huatland Development Sdn Bhd for a total consideration of RM21.12 million ("the Disposal"). Upon completion of the Disposal, ALSB shall cease to be a subsidiary of PPB.

The Disposal is expected to be completed by end-December 2007.

B9. Group borrowings

Total Group borrowings as at 30 June 2007 were as follows:-

	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	<i>Total</i>	<i>Secured</i>	<i>Unsecured</i>
Long term bank borrowings			
Long term bank loans (CNY)	16,956	-	16,956
Hire purchase liabilities	369	369	-
Repayments due within the next 12 months	<u>(2,681)</u>	<u>(256)</u>	<u>(2,425)</u>
	<u>14,644</u>	<u>113</u>	<u>14,531</u>
Short term bank borrowings			
Short term loans	2,500	-	2,500
Short term loans (USD)	34,853	-	34,853
Current portion of long term loans	2,425	-	2,425
Hire purchase liabilities	<u>256</u>	<u>256</u>	<u>-</u>
	<u>40,034</u>	<u>256</u>	<u>39,778</u>
Bank overdrafts	<u>2,158</u>	<u>302</u>	<u>1,856</u>
	<u>42,192</u>	<u>558</u>	<u>41,634</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 17 August 2007, the Group has hedged outstanding foreign currency contracts of USD9.7 million equivalent to RM33.7 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.

B11. Material litigation

There was no material litigation pending as at 17 August 2007.

B12. Dividend

The Board of Directors is pleased to declare an interim dividend for the financial year ending 31 December 2007 of 5 sen per share less 27% income tax (2006 : 5 sen less 28% income tax) payable on Friday, 28 September 2007.

Dividend payment/entitlement date

Notice is hereby given that the interim dividend will be payable on Friday, 28 September 2007 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 13 September 2007.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 13 September 2007 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

Dividends Paid/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	7 June 2007
2007	Interim dividend	5 sen less 27% income tax	Payable on 28 September 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
24 August 2007

By Order of the Board
Tan Teong Boon
Company Secretary

