



Registered Office:

**PPB GROUP BERHAD** | 8167-W

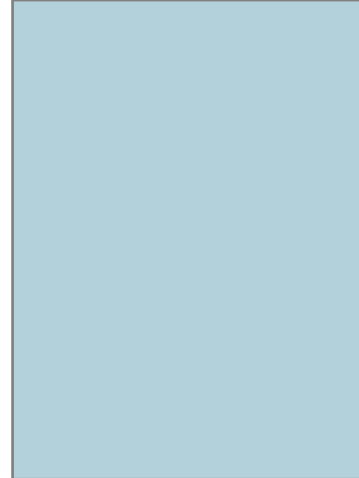
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# INVESTOR UPDATE

30 September 2007



*3rd*

QUARTER REPORT



PPB GROUP BERHAD

Dear Shareholders,

29 November 2007

*Greetings from PPB Group Berhad!!*

I am pleased to announce that PPB Group performed well for the nine months of 2007 to register profits of RM6.9 billion which included the one-off gain of RM6.4 billion from the sale of PPB Oil Palms Berhad (PPBOP), PGEO Group Sdn Bhd (PGEO) and Kuok Oils and Grains Pte Ltd (KOG) to Wilmar International Limited (Wilmar).

Excluding the one-off profit, the Group's profit from operations increased by 8% to RM549 million compared with RM510 million last year.

The Group's continuing operations posted an increase of 42% in its pre-tax profit to RM442 million from RM312 million recorded last year. The better results were due mainly to lower raw sugar prices and profit contribution from Wilmar, the Group's associated company since May 2007.

Group revenue for its continuing operations increased to RM2.18 billion, up by 14% from RM1.92 billion for the same period last year mainly due to higher revenue generated from the sugar refining and the grains, flour and feed milling division.

Net profit after tax from discontinued operations was capped at RM168 million following the disposal of these operations to Wilmar in June 2007.

Earnings per share for the period ended 30 September 2007 increased to 582.05 sen compared with 34.37 sen for the nine months last year.

#### **HAPPENINGS**

On the corporate front, PPB held its second Press and Analyst Briefing for the year in August at Wisma Jerneh. The briefing was well received by analysts and fund managers from various local research houses and securities firms together with members of the press.

### **CSR ACTIVITIES**

In conjunction with Malaysia's 50th year of independence, PPB held a series of activities to celebrate the significant occasion with the community. PPB and its wholly-owned subsidiary, FFM Berhad (FFM) hosted a fun-filled visit for 36 senior citizens from Grace Home and the Klang & Coast Chik Sin Thong Old Folks Home at FFM's flour mill complex located in Pulau Indah, West Port. PPB also organized a tea party for children and volunteers from Rumah Charis Children's Home to celebrate Malaysia's anniversary at KFC Restaurant and a buffet lunch with senior citizens from the Ampang Old Folks Home.

An English Language essay writing competition was held for participating schools under PPB's "CULTIVATING THE LOVE FOR READING" project, with Malaysian-themed choice titles.

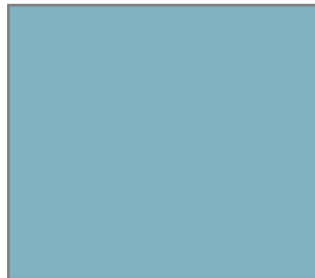
For the first time, PPB participated in the annual Kuala Lumpur Rat Race organized by The Edge and Bursa Malaysia. The race was held on 7 August 2007 to raise funds for charity.

For this quarter, PPB Group's wholly-owned subsidiary, FFM Marketing Sdn Bhd, organized a visit to Breakthrough Drug Rehabilitation Centre and contributed food and household products which they market to the centre.

The month of September saw PPB Group organizing a health and fitness workshop, "Stay Trim the Healthy Way", for its employees at Wisma Jerneh. The workshop was the second in a series of health related programmes that PPB coordinates for its employees for the year.

As the year is coming to a close, I wish to take this opportunity to thank you, our shareholders, for your support and may you have a Merry Christmas & Happy New Year.

**Datuk Oh Siew Nam**  
Executive Chairman



## PRESS AND ANALYST BRIEFING

On 28 August 2007, PPB held its 2nd and final Press and Analyst Briefing for the year at Wisma Jerneh. The event was attended by 70 analysts and fund managers from various local research houses and securities firms as well as members of the local and foreign press.

The Briefing was held to provide the press and analysts with a review of the Group's half-year financial results for 2007 as well as an update of its latest developments.

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

## DIRECTORS' CONTINUING EDUCATION PROGRAMME

To cultivate continuous learning and training, PPB organised its first 2007 in-house Directors' Continuing Education Programme ("DCEP") training on 16 August 2007. The training was aimed at keeping the directors updated on regulatory and corporate governance developments, besides enhancing professionalism and knowledge of directors in enabling them to discharge their duties more effectively.

The first topic, "21st Century Governance, Legal and Regulatory Challenges to the Malaysian Board : With Special Reference & Update on the Companies Amendment Act 2007", was presented by Mr Philip Koh who highlighted the key amendments of the Companies Act, the changes to duties of directors and boardroom processes and functions. Mr Philip is a senior partner of Messrs Mah - Kamariyah & Philip Koh.

Ms Koh Mei Lee, Chief Executive Officer of Golden Screen Cinemas Sdn Bhd ("GSC"), gave an overview of GSC operations. Lastly, Encik Kamaralzaman Tambu, Managing Director of Alpha Platform PR, spoke on the increasing importance of public relations to communicate the right message to the right audience, the right way with his topic "3D Public Relations".

Over 80 participants comprising directors and senior management of PPB and its subsidiary companies attended the DCEP.

### STAY TRIM THE HEALTHY WAY

On 22 September 2007, PPB organized a health and fitness workshop for its group employees. The workshop, “**Stay Trim the Healthy Way**” was facilitated by Ben Yeoh and Ian Cheang from Total Health Essentials Gym Sdn Bhd.

In the first session of the workshop, Ben presented on general nutrition and guided participants to calculate their Basal Metabolic Rate (BMR), and Basal Energy Expenditure (BEE). Both are crucial calculations to understand the amount of calories we need per day and to guide us in ascertaining our energy requirements according to physical activity.

This was followed by an hour of adrenaline pumping exercise routines led by Ian. The routines looked simple, but the impact felt was very real as many employees complained of muscle aches the following day.

Both Ian and Ben gave the participants tips on smart ways to exercise as well as dietary advice during the Q&A session.

The half day event gave the Group’s employees insights and information on managing their health and fitness as well as some fun ways to working out.



### ENGLISH LANGUAGE COMPETITIONS FOR PRIMARY SCHOOLS



In the 4th quarter of 2006, PPB launched “CULTIVATING THE LOVE FOR READING” project to encourage and instill the love for reading among schoolchildren. In this pilot project, ten (10) National, Chinese and Tamil schools in the Klang Valley were given a variety of English storybooks complete with brightly coloured pictures to assist the teachers in lessons as well as to entice the children to read.

In July and August 2007, several English Language competitions were organized for the participating schools under the “Cultivating the Love for Reading” project. PPB staff spent time at two primary schools, SJK (T) Jalan Tepi Sungai in Klang, Selangor, and SJK (C) Sam Yoke in Kuala Lumpur, to organize word games such as the Word Seeker for Standard 1 students and Crosswords Puzzles for Standard 2 to Standard 6 students during the schools’ English Week.

In conjunction with Malaysia’s 50th anniversary celebration, an essay writing contest was also organized for the participating schools under “CULTIVATING THE LOVE FOR READING” project. Students were given a choice of several titles for their essay, such as “Why I Love Malaysia?”, “Why I Love my Prime Minister?”, “My Favourite Place in Malaysia”, “My Malaysian Idol”, and “My Favourite Festival”.

The overall essay writing competition winning entry was from Felicity Jackson, a Standard 6 student from SJK (C) St Teresa, Brickfields. Winners from each participating schools were also awarded with cash vouchers, gifts and certificates.

### VISIT TO BREAKTHROUGH DRUG REHABILITATION CENTRE

On 11 August 2007, FFM Marketing Sdn Bhd (FMSB), a wholly-owned subsidiary of PPB Group, organized a visit to Breakthrough Drug Rehabilitation Centre in Petaling Jaya.

Breakthrough Drug Rehabilitation Centre is a home set up to assist individuals to be free from dependency on drugs, as well as to provide character building programme. The home's programme lasts for 2 years.

The staff witnessed the testimonials from 3 of the residents who shared their experiences in battling their drug addiction and were also shown samples of the various drugs available in the market.

All those involved in the visit were touched by the overflowing love and support shown by the centre's leaders and staff towards the residents, as well as the affectionate camaraderie between all of them with the leaders' children.

FMSB donated cartons of food and household items to the home and provided lunch which included hotdogs from the Marina brand distributed by FMSB.



### COMPANY'S TRIP TO PULAU REDANG

On 6 September 2007, 27 of PPB's employees travelled for more than 8 hours to the Redang Pelangi Resort in Terengganu for the annual company trip. During the 3-day stay, the employees were brought to three snorkeling spots in the island, including the Marine Park Sanctuary, where they were able to see the marvelous marine life and coral reefs.

The idyllic resort was a perfect setting for the employees to unwind and catch up with each other, as they participated in various group activities such as sightseeing, karaoke, dancing, beach volley ball games, and so on. The employees had an enjoyable weekend in Redang, and came back to work in high spirits.





## HAPPY 50TH ANNIVERSARY, MALAYSIA!

The year 2007 holds a special significance to all Malaysians as Malaysia celebrates its 50th year of independence. To celebrate the momentous occasion, PPB Group embarked on a series of activities to signify the importance of the year as well as to remember and express our appreciation to the community who have in one way or another contributed to the success and growth of our country.

- On 9 August 2007, PPB took 36 senior citizens from Grace Home and the Klang and Coast Chik Sin Thong Old Folks Home for a visit to FFM's flour mill complex at Pulau Indah, West Port. The senior citizens were given a guided tour around the factory and a view of one of the largest Jalur Gemilang which stands tall at the complex. The flag has made the complex a landmark of the area since it was raised in 2002.

The senior citizens had a good time trying their hands at bun baking. This was followed by a photo session with professional photographers. Dressed in their best, the senior citizens were seen posing excitedly for the cameras. In line with the celebration, a cake cutting ceremony was held and everyone sang in unison "Happy Birthday, Malaysia!"

Our guests were then treated to a sumptuous seafood lunch at a nearby restaurant and given 2 goodie bags each. One bag was filled with bread, buns and cakes while another was packed with beverages, toiletries, prunes and cereals.

- PPB staff also visited the Ampang Old Folks Home on 29 August 2007 and had lunch with them followed by a cake cutting ceremony and art and craft session.
- On 30 August 2007, PPB organized a tea party for 35 children of Rumah Charis Children's Home at KFC Restaurant. The event was fun-filled and full of laughter as PPB staff organized and joined in the group games with the children.

Each child was presented with a gift and was treated to a scrumptious KFC meal and pizzas. The highlight of the day was the cake-cutting ceremony.

PPB Group also contributed its products marketed by FFM Marketing Sdn Bhd to all the homes.





*3rd Quarter Share Analysis*

Following a gain of 8.6% in 2Q2007, the Kuala Lumpur Composite Index (KLCI) eased by 1.3% to 1,336.3 points in 3Q2007. The KLCI fell below the 1,200 points mark to a 5-month intra-day low of 1,141.5 points on 17th August 2007 due to a sell-down of global equity markets amidst the U.S. sub-prime crisis. After the U.S. Federal Open Market Committee (FOMC) announced a larger-than-expected cut in U.S. interest rates on 18th September, the local index rebounded above 1,300 points to close the quarter at 1,336.3 points for a marginal loss of 1.3%. [Source: Public Mutual website ([www.publicmutual.com.my](http://www.publicmutual.com.my))]

For the 3Q2007, PPB share price outperformed the KLCI to close 21.05% higher at RM9.20 on the last trading day of the quarter, boosted by the higher price of Wilmar shares arising from the favourable CPO prices, compared to only RM7.60 on the preceding quarter. PPB's average daily volume also increased by 19.32% from the previous quarter, with a market capitalization of RM10.906 billion.

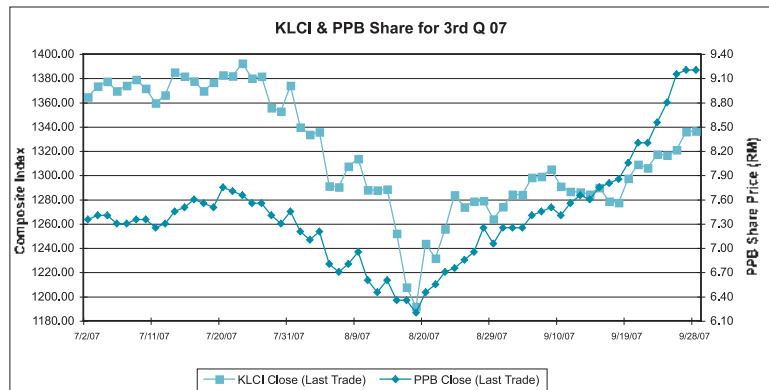
**PPB Share & Kuala Lumpur Composite Index  
Performance for 3rd Q 2007**

	3rd Q 2007	2nd Q 2007	% change
<b>PPB share price</b>			
Closing price (high)	9.20	7.95	15.72%
Closing price (low)	6.20	6.30	-1.59%
Month end closing price	9.20	7.60	21.05%
Weighted share price	7.52	7.41	1.48%
Market capitalization (RM' million)	10,906.60	9,009.80	21.05%

	3rd Q 2007	2nd Q 2007	% change
<b>PPB share volume</b>			
Daily volume (high)	3,186,900	3,902,400	-18.33%
Daily volume (low)	172,700	167,400	3.17%
Average daily volume	1,119,352	938,074	19.32%

	3rd Q 2007	2nd Q 2007	% change
<b>Kuala Lumpur Composite Index (KLCI)</b>			
KLCI closing (high)	1,392.18	1,391.57	0.04%
KLCI closing (low)	1,191.55	1,246.30	-4.39%
KLCI month end closing	1,336.30	1,354.38	-1.33%

	3rd Q 2007	2nd Q 2007	% change
<b>Kuala Lumpur Composite Index (KLCI) volume</b>			
Daily volume (high)	457,989,100	337,428,300	35.73%
Daily volume (low)	87,764,900	107,238,200	-18.16%
Average daily volume	209,428,752	226,112,029	-7.38%



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

9 MONTHS		Change %	12 MONTHS
30.09.07	30.09.06 (Restated)		31.12.06

**INCOME STATEMENTS**
Continuing operations

Revenue	2,179	1,919	13.5
Profit from operations	207	167	24.0
Profit before taxation	442	312	41.7
Profit for the period from continuing operations, net of tax	381	264	44.3

Discontinued operations

Revenue	3,165	6,357	(50.2)
Profit from operations	130	259	(49.8)
Profit before taxation	6,592	309	>100.0
Profit for the period from discontinued operations, net of tax	6,561	246	>100.0

Group total

Revenue	5,344	8,276	(35.4)	11,520
Profit from operations	337	426	(20.9)	584
Profit before taxation	7,034	621	>100.0	840
Profit for the period	6,942	510	>100.0	694
Profit attributable to Shareholders of the Company	6,900	407	>100.0	561

**BALANCE SHEET**

Non-current assets	10,114	4,146	>100.0	4,271
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Current assets

Cash and bank deposits	634	933	(32.0)	763
Assets of disposal group/Non-current assets classified as held for sale	56	2	>100.0	0
Others	1,055	2,293	(54.0)	2,255
Total current assets	1,745	3,228	(45.9)	3,018

<b>Total assets</b>	<b>11,859</b>	<b>7,374</b>	<b>60.8</b>	<b>7,289</b>
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Equity

Share capital	1,186	1,186	0.0	1,186
Reserves	10,109	3,321	>100.0	3,459
Equity attributable to Shareholders of the Company	11,295	4,507	>100.0	4,645
Minority interests	159	854	(81.4)	886
Total equity	11,454	5,361	>100.0	5,531

Non-current liabilities

Bank borrowings	21	376	(94.4)	334
Others	65	315	(79.4)	303
Total non-current liabilities	86	691	(87.6)	637

Financial period ended  
(All figures in RM million)

9 MONTHS		Change %	12 MONTHS
30.09.07	30.09.06 (Restated)		31.12.06

**Current liabilities**

Bank borrowings	52	655	(92.1)	357
Others	267	667	(60.0)	764
Total current liabilities	319	1,322	(75.9)	1,121
Total liabilities	405	2,013	(79.9)	1,758
<b>Total equity and liabilities</b>	<b>11,859</b>	<b>7,374</b>	<b>60.8</b>	<b>7,289</b>

**RATIOS**

Return on equity attributable to shareholders of the Company	(%)	61.1	9.0	12.1
Earnings per share	(sen)	582.1	34.3	47.3
Earnings per share*	(sen)	42.8	34.3	47.3
Interest coverage*	(times)	50.4	28.3	26.7
Current ratio	(times)	5.5	2.4	2.7
Total borrowings/Equity	(%)	0.6	19.2	12.5
Long term borrowings/Equity	(%)	0.2	7.0	6.0
Net assets per share attributable to shareholders of the Company	(RM)	9.5	3.8	3.9
Net assets per share	(RM)	9.7	4.5	4.7
Net dividend per share	(sen)	3.6	3.6	14.5

**STOCK MARKET INFORMATION**

Share price	(RM)	9.20	4.40	5.45
Market capitalisation	(RM million)	10,911	5,218	6,464
PE ratio*	(times)	16.1	9.6	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.

**17 JULY**

Minsec Engineering Services Sdn Bhd, an indirect subsidiary of PPB Group Berhad (PPB), had entered into and/or will be entering into recurrent related party transactions with PT Pemukasakti Manisindah (“PTPM”) whereby the consideration or costs of the aggregated transactions are expected to exceed 1% of PPB’s percentage ratio of RM50 million. PTPM is an indirect subsidiary of Kerry Group Limited/Kerry Holdings Limited which are deemed persons connected to Kuok Brothers Sdn Berhad, a major shareholder of PPB.

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**20 AUGUST**

Chemquest Sdn Bhd, a 55% subsidiary of PPB, disposed of its entire shareholding of 17,073,761 ordinary shares of RM0.10 each in Redtone International Berhad to its shareholders or their nominee, proportionate to their shareholdings in CQSB at RM0.535 per share for a total cash consideration of RM9,134,462.

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**24 AUGUST**

Release of 2nd Quarterly Report for the period ended 30 June 2007. An interim dividend of 5 sen per share less 27% income tax for the financial year ending 31 December 2007 was declared and was subsequently paid on 28 September 2007.

## QUARTERLY REPORT

CONDENSED CONSOLIDATED INCOME STATEMENTS For The Period Ended 30 September 2007

*(The figures have not been audited)*

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2007 RM'000	2006 RM'000 <i>(Restated)</i>	2007 RM'000	2006 RM'000 <i>(Restated)</i>
<b>Continuing operations</b>				
Revenue	760,425	706,798	2,178,557	1,919,313
Operating expenses	(690,927)	(610,037)	(1,989,637)	(1,766,138)
Other operating income	8,455	4,514	18,171	13,340
Profit from operations	77,953	101,275	207,091	166,515
Net profit from investing activities	20,653	6,176	92,799	127,445
Share of associated companies' profits less losses	140,494	9,060	144,958	20,739
Share of joint ventures' profits less losses	198	177	526	395
Finance costs	(1,168)	(1,213)	(3,436)	(3,591)
Profit before taxation	238,130	115,475	441,938	311,503
Taxation	(17,037)	(29,848)	(60,709)	(47,788)
Profit for the period from continuing operations	221,093	85,627	381,229	263,715
<b>Discontinued operations</b>				
Profit for the period from discontinued operations, net of tax	-	104,332	168,137	246,087
Gain on sale of discontinued operations	(53)	-	6,392,841	-
Profit for the period	221,040	189,959	6,942,207	509,802
<b>Attributable to :-</b>				
Shareholders of the Company	218,512	164,541	6,900,205	407,499
Minority interests	2,528	25,418	42,002	102,303
Profit for the period	221,040	189,959	6,942,207	509,802
<b>Basic earnings per share (sen) :-</b>				
- continuing operations	18.43	7.04	31.86	18.47
- discontinued operations	-	6.84	550.19	15.90
	18.43	13.88	582.05	34.37

(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-Sep-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	843,396	1,430,328
Investment properties	180,665	206,204
Biological assets	2,559	921,038
Prepaid lease payments	78,339	503,061
Goodwill on consolidation	73,033	33,316
Other intangible assets	2,780	3,254
Land held for property development	447	437
Investment in associated companies	8,470,868	738,480
Interests in joint ventures	40,403	39,050
Other investments	421,448	388,653
Deferred tax assets	-	7,098
	<u>10,113,938</u>	<u>4,270,919</u>
<b>Current Assets</b>		
Inventories	436,621	956,951
Biological assets	20,687	48,562
Other intangible assets	9,438	9,221
Property development costs	67,567	52,614
Receivables	520,327	1,187,748
Cash, bank balances and deposits	634,434	762,712
	<u>1,689,074</u>	<u>3,017,808</u>
Assets of disposal group/Non-current assets classified as held for sale	55,915	195
	<u>1,744,989</u>	<u>3,018,003</u>
<b>TOTAL ASSETS</b>	<u>11,858,927</u>	<u>7,288,922</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	10,109,117	3,459,184
Equity attributable to shareholders of the Company	<u>11,294,617</u>	<u>4,644,684</u>
Minority interests	158,781	886,641
Total equity	<u>11,453,398</u>	<u>5,531,325</u>

**QUARTERLY REPORT**  
CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>As at 30-Sep-07 RM'000</i>	<i>As at 31-Dec-06 RM'000 (Restated)</i>
<b>Non-current Liabilities</b>		
Long term borrowings	20,906	334,176
Deferred tax liabilities	65,442	302,535
	<u>86,348</u>	<u>636,711</u>
<b>Current Liabilities</b>		
Payables	242,637	720,558
Short term borrowings	51,909	356,665
Taxation	24,635	43,643
	<u>319,181</u>	<u>1,120,866</u>
Liabilities directly associated with assets classified as held for sale	-	20
	<u>319,181</u>	<u>1,120,886</u>
<b>Total liabilities</b>	<u>405,529</u>	<u>1,757,597</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>11,858,927</u>	<u>7,288,922</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>9.53</u>	<u>3.92</u>
Net assets per share (RM)	<u>9.66</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 September 2007

	<i>9 months ended 30 September</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	441,938	311,503
Discontinued operations	6,592,382	309,228
	<u>7,034,320</u>	<u>620,731</u>
Adjustments :-		
Non-cash items	(160,696)	(64,026)
Non-operating items	(6,454,055)	(22,146)
Operating profit before working capital changes	<u>419,569</u>	<u>534,559</u>
Working capital changes		
Net change in current assets	(274,673)	(559,997)
Net change in current liabilities	9,960	129,096
Cash generated from operations	<u>154,856</u>	<u>103,658</u>
Tax paid	(79,175)	(88,308)
<b>Net cash generated from operating activities</b>	<b>75,681</b>	<b>15,350</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(212,224)	(312,065)
Proceeds from disposal of property, plant and equipment	6,871	8,292
Purchase of investments	(196,356)	(7,544)
Proceeds from sale of investments	25,638	147,506
Redemption of preference shares in an associated company	33,912	-
Dividends received	87,900	38,874
Interest received	18,663	17,932
Subsidiary companies - net cash disposed	(77,633)	-
Other investing activities	2,340	5,121
<b>Net cash used in investing activities</b>	<b>(310,889)</b>	<b>(101,884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued to minority shareholders of subsidiary companies	9,886	-
Bank borrowings	371,226	511,518
Interest paid	(17,513)	(25,378)
Dividends paid	(188,664)	(217,853)
Other financing activities	(59,329)	(5,320)
<b>Net cash generated from financing activities</b>	<b>115,606</b>	<b>262,967</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(119,602)</b>	<b>176,433</b>
Cash and cash equivalents at 1 January	750,981	735,827
Effect of exchange rate changes	(3,122)	(467)
<b>Cash and cash equivalents at 30 September</b>	<b>628,257</b>	<b>911,793</b>
<u>Cash and cash equivalent represented by :-</u>		
Cash & bank	72,044	249,526
Bank deposits	562,365	675,089
Bank overdrafts	(6,152)	(12,822)
	<u>628,257</u>	<u>911,793</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 September 2007

### 9 months ended 30 September 2007

At 1 January 2007

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

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 September 2007

### 9 months ended 30 September 2006

As previously stated

Effects of adopting FRS 3

At 1 January 2006 (restated)

Net gains/(losses) 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 subsidiaries

Dividends

At 30 September 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 period	-	-	-
Total recognised income and expenses for the period	-	-	5,697
Disposal of shares in subsidiaries	-	-	-
Transfer of reserves	-	-	(106,895)
Acquisition of additional shares in an existing subsidiary	-	-	-
Shares issued to minority shareholders of subsidiaries	-	-	-
Capital reduction by subsidiaries	-	-	-
Dividends	-	-	-
At 30 September 2007	1,185,500	6,715	59,342
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 gains/(losses) recognised directly to equity	-	-	-
Profit for the period	-	-	-
Total recognised income and expenses for the period	-	-	-
Transfer of reserves	-	-	(3,181)
Acquisition of subsidiaries	-	-	-
Capital reduction by subsidiaries	-	-	-
Dividends	-	-	-
At 30 September 2006	1,185,500	6,715	158,999

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	
(36,754)	(46,132)	-	(77,189)	(7,922)	(85,111)	
-	-	6,900,205	6,900,205	42,002	6,942,207	
(36,754)	(46,132)	6,900,205	6,823,016	34,080	6,857,096	
-	-	-	-	(673,304)	(673,304)	
-	(45,600)	152,495	-	-	-	
-	-	-	-	(29,241)	(29,241)	
-	-	-	-	9,886	9,886	
-	-	-	-	(53,700)	(53,700)	
-	-	(173,083)	(173,083)	(15,581)	(188,664)	
(70,655)	84,123	10,029,592	11,294,617	158,781	11,453,398	
(15,590)	162,910	2,713,438	4,215,153	803,656	5,018,809	
-	-	45,849	45,849	397	46,246	
(15,590)	162,910	2,759,287	4,261,002	804,053	5,065,055	
4,942	3,396	(84)	8,254	2,703	10,957	
-	-	407,499	407,499	102,303	509,802	
4,942	3,396	407,415	415,753	105,006	520,759	
(60)	1,106	2,135	-	-	-	
-	-	-	-	(2,379)	(2,379)	
-	-	-	-	(4,802)	(4,802)	
-	-	(170,712)	(170,712)	(47,141)	(217,853)	
(10,708)	167,412	2,998,125	4,506,043	854,737	5,360,780	

(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>
<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 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 9 months ended 30 September are as follows :-

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
Revenue	-	2,346,433	3,164,988	6,357,272
Operating expenses	-	(2,229,450)	(3,055,699)	(6,109,172)
Other operating income	-	(2,038)	20,673	10,939
Profit from operations	-	114,945	129,962	259,039
Net profit from investing activities	(53)	1,629	6,393,445	2,385
Share of associated companies' profits less losses	-	25,318	78,525	66,998
Finance costs	-	(10,254)	(9,550)	(19,194)
Profit before taxation	(53)	131,638	6,592,382	309,228
Taxation	-	(27,306)	(31,404)	(63,141)
Profit for the period	(53)	104,332	6,560,978	246,087

**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-Sep-2007 RM'000	Cumulative Quarter 9 months ended 30-Sep-2007 RM'000
Dividends paid on ordinary shares		
2006 : Final dividend - 15 sen less tax	-	129,812
2007 : Interim dividend - 5 sen less tax	43,271	43,271
	43,271	173,083

**A8. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 September 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
<b>REVENUE</b>							
External sales	842,161	688,565	47,123	36,265	44,540	113,224	48,194
Inter-segment sales	-	57,233	10,204	11,174	-	-	946
Total revenue	842,161	745,798	57,327	47,439	44,540	113,224	49,140
<b>RESULT</b>							
Segment operating results	99,375	69,181	3,320	(7,825)	678	18,774	13,407
Unallocated corporate expenses							
Profit from operations							
Investing activities							
Share of associated companies' profits less losses	2,989	7,126	-	-	3,076	1,007	5,156
Share of joint ventures' profits less losses	-	-	-	-	526	-	-
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	
93,362	265,123	-	2,178,557	3,080,979	62,738	21,271	-	3,164,988	5,343,545
1,086	13,377	(94,020)	-	43,570	188,423	-	(231,993)	-	-
94,448	278,500	(94,020)	2,178,557	3,124,549	251,161	21,271	(231,993)	3,164,988	5,343,545
5,858	19,546	630	222,944 (15,853)	22,037	105,266	2,659	-	129,962 -	352,906 (15,853)
			207,091					129,962	337,053
			92,799					6,393,445	6,486,244
-	125,604	-	144,958	78,285	240	-	-	78,525	223,483
-	-	-	526	-	-	-	-	-	526
			(3,436)					(9,550)	(12,986)
			441,938					6,592,382	7,034,320

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

	As at 23-Nov-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 RM2.2 billion for the period ended 30 September 2007 was 16% higher compared with RM1.9 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 RM442 million was 42% higher than that of the same period last year of RM312 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") an associate company of the Group since May 2007, was a major contributor to the Group profits.

Net profit after tax from the discontinued operations namely PPBOP, PGEO and KOG was capped at RM168 million following their disposal to Wilmar which was completed by end June 2007.

**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 RM238 million was substantially higher compared with RM115 million for the preceding quarter. This was mainly due to higher profits contributed by Wilmar for the quarter under review.

**B3. Prospects for current financial year**

The Group's sugar refining and other divisions including our associate company Wilmar are expected to perform satisfactorily for the financial year. However, grains trading, flour and feed milling division will be affected by the rising raw material prices.

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

Not applicable.

B5. Taxation	<i>Individual Quarter 3 months ended 30-Sep-2007 RM'000</i>	<i>Cumulative Quarter 9 months ended 30-Sep-2007 RM'000</i>
Tax comprises :-		
<u>Continuing operations</u>		
Malaysian taxation based on profit for the period:-		
Current	19,415	57,933
Deferred	(166)	2,642
	19,249	60,575
(Over)/underprovision		
Current	(1,077)	(1,077)
Deferred	(1,135)	1,211
	17,037	60,709
<u>Discontinued operations</u>		
Malaysian taxation based on profit for the period:-		
Current	-	21,725
Deferred	-	7,206
	-	28,931
Foreign Taxation		
Current	-	2,562
Deferred	-	(94)
	-	31,399
Underprovision		
Current	-	5
Deferred	-	-
	-	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 and there was a loss incurred on the sale of properties amounting to RM226,000 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-Sep-2007 RM'000</i>	<i>Cumulative Quarter 9 months ended 30-Sep-2007 RM'000</i>
Total purchases	37,184	39,179
Total proceeds from disposals	4,316	6,083
Profit on disposals	899	1,296

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

	<i>RM'000</i>
At cost	421,835
At book value	421,018
At market value	1,345,538

**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 at Cilegon, Republic of Indonesia to be undertaken by a joint-venture company called P.T. Pundi Kencana.

The construction of the flour mill is in progress and is expected to be operational by end-2008 based on current schedule.

- (b) 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”).

The Disposal was completed on 23 October 2007 and ALSB had ceased to be a subsidiary of PPB.

**B9. Group borrowings**

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

	<i>Total</i> <i>RM'000</i>	<i>Secured</i> <i>RM'000</i>	<i>Unsecured</i> <i>RM'000</i>
Long term bank borrowings			
Long term bank loans (USD)	5,016	-	5,016
Long term bank loans (CNY)	18,210	-	18,210
Hire purchase liabilities	497	497	-
Repayments due within the next 12 months	<u>(2,817)</u>	<u>(213)</u>	<u>(2,604)</u>
	<u>20,906</u>	<u>284</u>	<u>20,622</u>
Short term bank borrowings			
Short term loans	11,500	-	11,500
Short term loans (USD)	31,440	-	31,440
Current portion of long term loans	2,604	-	2,604
Hire purchase liabilities	<u>213</u>	<u>213</u>	<u>-</u>
	<u>45,757</u>	<u>213</u>	<u>45,544</u>
Bank overdrafts	<u>6,152</u>	<u>-</u>	<u>6,152</u>
	<u>51,909</u>	<u>213</u>	<u>51,696</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 23 November 2007, the Group has hedged outstanding foreign currency contracts of USD85.6 million equivalent to RM287.2 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 23 November 2007.

**B12. Dividend**

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

**Dividends Paid**

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	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  
29 November 2007

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

