PPB GROUP BERHAD (8167-W)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

(The figures have not been audited)

Condensed Consolidated Income Statements For The Period Ended 30 September 2006

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		(Restated)		(Restated)
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Revenue	3,053,232	2,503,876	8,276,585	7,820,662
Operating expenses	(2,839,486)	(2,385,242)	(7,875,310)	(7,467,368)
Other operating income	2,475	5,875	24,279	13,355
Profit from operations	216,221	124,509	425,554	366,649
Net profit from investing activities	7,805	11,140	129,830	65,331
Share of associated companies' profits less losses	34,377	13,172	87,737	29,372
Share of joint ventures' profits less losses	177	(115)	395	(274)
Finance costs	(11,467)	(3,302)	(22,785)	(11,002)
Profit before taxation	247,113	145,404	620,731	450,076
Taxation	(57,154)	(27,517)	(110,929)	(106,541)
Profit for the period	189,959	117,887	509,802	343,535
Attributable to :				
Shareholders of the Company	164,541	97,883	407,499	286,504
Minority interests	25,418	20,004	102,303	57,031
Profit for the period	189,959	117,887	509,802	343,535
Basic earnings per share (sen)	13.88	8.26	34.37	24.17

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this report.)

Condensed Consolidated Balance Sheets

	As at 30-Sep-06 RM'000	As at 31-Dec-05 RM'000 (Restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,891,866	1,791,346
Investment properties	194,529	202,493
Biological assets	871,832	783,063
Goodwill on consolidation	32,676	32,413
Intangible assets	3,251	3,365
Land held for property development	447	437
Investment in associated companies	692,762	633,826
Interests in joint ventures	40,352	40,151
Long term investments	406,155	413,442
Deferred tax assets	11,709	9,827
	4,145,579	3,910,363
Current Assets		
Inventories	987,297	893,729
Biological assets	40,431	43,456
Intangible assets	9,783	10,701
Property development costs	56,656	43,696
Receivables	1,199,463	714,529
Cash, bank balances and deposits	932,646	752,839
	3,226,276	2,458,950
Non-current assets held for sale	2,150	-
	3,228,426	2,458,950
Total assets	7,374,005	6,369,313
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	3,320,543	3,029,653
Equity attributable to shareholders of the Company	4,506,043	4,215,153
Minority interests	854,737	803,656
Total equity	5,360,780	5,018,809
Non-current Liabilities		
Long term borrowings	375,696	149,438
Negative goodwill	-	23,535
Deferred tax liabilities	315,568	308,567
	691,264	481,540
Current Liabilities		
Payables	624,526	478,875
Short term borrowings	655,429	367,081
Taxation	42,006	23,008
	1,321,961	868,964
Total liabilities	2,013,225	1,350,504
Total equity and liabilities	7,374,005	6,369,313
Net assets per share attributable to shareholders of the Company (RM)	3.80	3.56
Net assets per share (RM)	4.52	4.23

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)

Condensed Consolidated Statement Of Changes In Equity

For The Period Ended 30 September 2006

			Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Attributable to shareholders of the Company RM'000	Minority interests RM'000	Total equity RM'000
9 months ended 30 September 2006									
As previously stated	1,185,500	6,715	162,180	(15,590)	162,910	2,713,438	4,215,153	803,656	5,018,809
Effects of adopting FRS 3	-	-	-	-	-	45,849	45,849	397	46,246
At 1 January 2006 (restated)	1,185,500	6,715	162,180	(15,590)	162,910	2,759,287	4,261,002	804,053	5,065,055
Net (losses)/gains recognised directly to equity	-	-	-	4,942	3,396	(84)	8,254	2,703	10,957
Profit for the period	-	-	-	-	-	407,499	407,499	102,303	509,802
Total recognised income and expenses for the period	-	-	-	4,942	3,396	407,415	415,753	105,006	520,759
Transfer of reserves	-	-	(3,181)	(60)	1,106	2,135	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	(2,379)	(2,379)
Capital reduction by a subsidiaries	-	-	-	-	-	-	-	(4,802)	(4,802)
Dividends	-	-	-	-	-	(170,712)	(170,712)	(47,141)	(217,853)
At 30 September 2006	1,185,500	6,715	158,999	(10,708)	167,412	2,998,125	4,506,043	854,737	5,360,780
9 months ended 30 September 2005									
At 1 January 2005	592,750	526,874	164,674	31,024	152,282	2,492,484	3,960,088	779,395	4,739,483
Net (losses)/gains recognised directly to equity	-	-	-	(10,847)	6,975	(679)	(4,551)	(8,579)	(13,130)
Profit for the period	-	-	-	-	-	286,504	286,504	57,031	343,535
Total recognised income and expenses for the period	-	-	-	(10,847)	6,975	285,825	281,953	48,452	330,405
Transfer of reserves	-	-	(1,608)	(30,581)	583	31,606	-	-	-
Bonus issue	592,750	(520,000)	-	-	-	(72,750)	-	-	-
Bonus issue expenses	-	(159)	-	-	-	-	(159)	-	(159)
Shares issued to minority interest	-	-	-	-	-	-	-	1,069	1,069
Acquisition of subsidiaries	-	-	-	-	-	-	-	(3,607)	(3,607)
Disposal of subsidiaries	-	-	-	-	-	-	-	569	569
Dividends	-	-	-	-	-	(132,183)	(132,183)	(33,428)	(165,611)
At 30 September 2005	1,185,500	6,715	163,066	(10,404)	159,840	2,604,982	4,109,699	792,450	4,902,149

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this report.)

PPB GROUP BERHAD (8167-W)
Condensed Consolidated Cash Flow Statements
For The Financial Period Ended 30 September 2006

	9 months ended 30 September	
	2006	2005
	RM'000	RM'000
		(Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	620,731	450,076
Adjustments :-		
Non-cash items	(64,026)	79,150
Non-operating items	(22,146)	(22,226)
Operating profit before working capital changes	534,559	507,000
Working capital changes		
Net change in current assets	(559,997)	19,936
Net change in current liabilities	129,096	(43,151)
Cash generated from operations	103,658	483,785
Tax paid	(88,308)	(109,322)
Net cash generated from operating activities	**15,350**	**374,463**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, biological assets and other assets	(312,065)	(224,607)
Proceeds from disposal of property, plant and equipment	8,292	13,885
Purchase of investments	(7,544)	(6,985)
Proceeds from sale of investments	147,506	64,142
Repayment from/(advances to) associated companies and joint ventures	1,663	(9,476)
Dividends received from investments	38,874	33,171
Interest received	17,932	11,348
Other investing activities	3,458	(4,466)
Net cash used in investing activities	**(101,884)**	**(122,988)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	-	1,069
Bank borrowings	511,518	47,542
Interest paid	(25,378)	(10,876)
Dividends paid	(217,853)	(165,611)
Other financing activities	(5,320)	(5,617)
Net cash generated from/(used in) financing activities	**262,967**	**(133,493)**
Net increase in cash and cash equivalents	**176,433**	**117,982**
Cash and cash equivalents at 1 January	735,827	519,858
Effect of exchange rate changes	(467)	(4,885)
Cash and cash equivalents at 30 September	**911,793**	**632,955**

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to this report.)

NOTES

A. FRS (Financial Reporting Standards) 134 - Paragraph 16

A1. Accounting policies

The interim financial statements of the Group have been prepared in accordance with the requirements of 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 annual financial statements for the financial year ended 31 December 2005, except for the adoption of the following new and revised Financial Reporting Standards ("FRS") that are effective for financial periods beginning on or after 1 January 2006 :-

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have significant financial impact on the Group except for FRS 3, FRS 5 and FRS 101 disclosed as follows:

(a) <u>FRS 3 : Business Combinations</u>

The adoption of the new FRS 3 has resulted in a change in the accounting policy relating to Goodwill and Negative Goodwill on consolidation and Premium or Discount on acquisition of associated companies.

Goodwill on consolidation

Previously, Goodwill on consolidation of a subsidiary company is capitalised and amortised on a straight-line basis over its estimated useful life or 25 years, whichever is shorter. With the adoption of FRS 3, goodwill will now be carried at cost less impairment losses. Goodwill will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment loss is recognised in the income statement and subsequent reversal is not allowed.

Negative Goodwill on Consolidation

Negative Goodwill on consolidation is previously either taken to income statement as and when they arise or retained in balance sheet and credited to income statement over a suitable period, depending on the particular circumstances which gave rise to it. With the adoption of FRS 3, Negative Goodwill is now taken to income statement as and when they arise.

Premium and Discount in Associated Companies
Previously, Premium & Discount on acquisition of associated companies are retained as part of investment cost. With the adoption of FRS 3, Premium will be carried at cost subject to yearly impairment test while Discount is taken to income statement on acquisition.

The above changes in accounting policy have been accounted for prospectively and in accordance with the transitional provisions of FRS 3, the Group has taken Negative Goodwill on consolidation and Discount in associated companies as at 31 December 2005 to retained profits as follows :-

Balance Sheets	**As previously reported RM'000**	**Effect RM'000**	**As restated RM'000**
Investment in associates	633,826	22,711	656,537
Retained profit brought forward	2,713,438	45,849	2,759,287
Minority interests	803,656	397	804,053
Negative Goodwill on consolidation	23,535	(23,535)	-

The Group has ceased amortisation of its Goodwill and Negative Goodwill on consolidation and has reduced the total amortisation charges by RM705,000 for the 9 months ended 30 September 2006.

(b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations
The non-current assets held for sale comprise certain landed properties, including leasehold properties. In accordance with FRS 5, these assets are recorded at the lower of its carrying amount or its fair value less costs to sell.

The Group has ceased to amortise the abovementioned properties and the effect on the Group's financial statements is insignificant.

(c) FRS 101 : Presentation of Financial Statements
The adoption of the revised FRS 101 has affected the presentation of the minority interests and other disclosures in the income statement, balance sheet and statement of changes in equity.

In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period as oppose to as a deduction before arriving at profit attributable to shareholders.

While in the consolidated balance sheet, minority interests are now presented within total equity. Similarly, the movement of the minority interests for the reported period is presented in the consolidated statement of changes in equity.

Share of associated results is now reported net of tax as a single line item above the Group profit before taxation.

The revised FRS 101 has also give rise to new classes of assets and liabilities which are required to be reported on the face of the consolidated balance sheet. The comparatives are restated to conform with the new presentation as follows :-

	As previously reported RM'000	Effect RM'000	As restated RM'000
Income Statements			
Share of associated companies' profits less losses	44,989	(15,617)	29,372
Profit before taxation	465,693	(15,617)	450,076
Taxation	122,158	(15,617)	106,541
Balance Sheets			
Property, plant and equipment	2,780,267	(988,921)	1,791,346
Investment properties	-	202,493	202,493
Biological assets (Long term)	-	783,063	783,063
Intangible assets (Long term)	-	3,365	3,365
Inventories	947,886	(54,157)	893,729
Biological assets (Current)	-	43,456	43,456
Intangible assets (Current)	-	10,701	10,701

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

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

A3. Seasonal or Cyclicality of Interim Operations

The Group's operations are not 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 interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

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

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

A7. Dividends paid

Dividends paid on ordinary shares	Individual Quarter 3 months ended 30-Sep-2006 RM'000	Cumulative Quarter 9 months ended 30-Sep-2006 RM'000
2005 : Final dividend - 15 sen less tax	-	128,034
2006 : Interim dividend - 5 sen less tax	42,678	42,678
	42,678	170,712

A8. Segmental reporting

Segmental information in respect of the Group's business segments for the period ended 30 September 2006

All figures in RM'000 **Information About Business Segments:**	Sugar refining and cane plantation	Grains trading, flour and feed milling	Edible oils refining and trading	Oil palm plantations	Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
REVENUE													
External sales	655,237	654,806	6,207,435	92,865	36,824	89,242	75,351	90,821	32,982	77,389	263,633	-	8,276,585
Inter-segment sales	-	46,701	85,980	370,704	8,072	14,487	-	-	889	577	28,735	(556,145)	-
Total revenue	655,237	701,507	6,293,415	463,569	44,896	103,729	75,351	90,821	33,871	77,966	292,368	(556,145)	8,276,585
RESULT													
Segment operating results	69,417	77,926	118,415	131,742	(5,488)	7,499	3,893	12,764	9,293	3,189	5,356	630	434,636
Unallocated corporate expense													(9,082)
Profit from operations													425,554
Investing activities													129,830
Finance costs													(22,785)
Share of associated companies' profits less losses	1,867	4,688	65,688	1,310	-	-	3,611	640	3,091	(1,135)	7,977	-	87,737
Share of joint ventures' profits less losses	-	-	-	-	-	-	395	-	-	-	-	-	395
Profit before taxation													620,731

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

(b) Chemquest International Pte Ltd and Garbagemaster Pte Ltd, both indirect wholly-owned subsidiaries of PPB were placed under Members' Voluntary Winding-up on 27 September 2005. The companies were deemed dissolved on 31 May 2006.

(c) Tri-Electro Sdn Bhd, a 76% indirect subsidiary of PPB, was placed under Members' Voluntary Winding-up on 4 August 2003. The Final Meeting was held on 6 September 2006 and the liquidation is expected to be completed by early December 2006.

(d) Jasa Karya Sdn Bhd, a wholly-owned dormant subsidiary company of PPBOP, has been placed under Members' Voluntary Winding-up on 3 November 2004. The liquidation is still in progress.

(e) Film Allied Services Sdn Bhd, an indirect wholly-owned subsidiary of PPB, was placed under Members' Voluntary Winding-up on 11 October 2004. The Final Meeting was held on 21 September 2006 and the liquidation is expected to be completed by end December 2006.

(f) Leisure Bowl Centres Sdn Bhd, an indirect wholly-owned subsidiary company of PPB, has been placed under Members' Voluntary Winding-up on 22 September 2004. The liquidation is still in progress.

(g) Leisure Bowl (JB) Sdn Bhd, a 60% indirect subsidiary of PPB, has been placed under Members' Voluntary Winding-up on 15 December 2005. The liquidation is still in progress.

(h) On 24 February 2006, Fedflour Trading Company Limited, an indirect wholly-owned subsidiary of PPB, was placed under Members' Voluntary Winding-up pursuant to Section 116B of the Companies Ordinances (Chapter 32), Hong Kong as it had been inactive for many years.

(i) On 3 July 2006, FFM Berhad, a wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital of S$1.00 in Tucson Pte Ltd, Singapore ("Tucson"), for a total cash consideration of S$980/-. The principal activity of Tucson is investment holding and it is presently dormant.

(j) On 12 July 2006, PT Kencana Sawit Indonesia (formerly known as PT Tidar Sungkai Sawit), a 100% owned subsidiary company of PPBOP, and PT Mustika Sembuluh, a 90% owned subsidiary company, had subscribed for 99.5% and 0.5% respectively of the equity interest in PT Dermaga Sungai Mentaya ("DSM"), comprising a total of 200,000 shares of USD1.00 each for cash at par, equivalent to a total subscription of USD200,000. DSM is a limited company incorporated in Indonesia. DSM had not commenced business operation.

(k) On 13 July 2006, Wealth Anchor Pte Ltd, a wholly-owned subsidiary company of PPBOP, had acquired 99% equity interest in PT Kerry Agro Management ("KAM") comprising 99,000 shares of USD1.00 each for cash at par, equivalent to a total subscription of USD99,000. KAM is a limited company incorporated in Indonesia. KAM had not commenced business operation.

(l) On 27 September 2006, FFM Berhad, a wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital of RM2.00 in Mantap Aman Sdn Bhd (“Mantap Aman”) comprising 2 ordinary shares of RM1.00 each, for a total cash consideration of RM1,700/-. The principal activity of Mantap Aman is investment holding.

A12. Changes in contingent liabilities or contingent assets

The guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 30 September 2006 were reduced from RM23.60 million to RM18.88 million.

There were no contingent assets as at the end of the current interim period.

B. <u>BMSB Listing Requirements (Part A of Appendix 9B)</u>

B1. Review of Performance for the current quarter and financial year-to-date

The Group revenue of RM8.277 billion for the period ended 30 September 2006 is 6% higher when compared with RM7.821 billion in the corresponding period last year. This is mainly due to higher crop production and better CPO prices realised coupled with higher volume of edible oils sold.

Group profit before tax of RM621 million was 38% higher compared with RM450 million in the same period last year. The grains trading, flour and feed milling division recorded higher profits mainly due to increased sales and better margins. The edible oils division also registered higher profits mainly due to better refining margins. The plantation division contributed higher profits as a result of higher crop production and better CPO prices realised, whilst the sugar refining division returned to profitability due to lower raw sugar prices in the quarter under review.

The associated company engaged in commodity trading achieved higher profits. The gain from the disposal of an associated company engaged in utilities also contributed to an increase in the profit for the current financial period.

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

The Group profit before tax for the quarter under review of RM247 million was 5% higher compared with RM235 million for the preceding quarter mainly due to improved profits from the sugar refining, grains trading, flour and feed milling divisions. The edible oils division also achieved higher profits from better refining margins.

B3. Prospects for current financial year

Crop production from the oil palm plantation division is projected to be higher for the current financial year. Assuming CPO prices and the Indonesian Rupiah/USD exchange rates remain at current levels, profit contribution from the oil palm plantation division is expected to be higher. The Group's grains trading, flour and feed milling and edible oils divisions are also expected to perform better. The Group results for 2006 will be significantly higher than that of the previous year.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 30-Sep-2006 RM'000	Cumulative Quarter 9 months ended 30-Sep-2006 RM'000
Malaysian taxation based on profit for the period:-		
Current	54,600	101,023
Deferred	3,915	7,458
	58,515	108,481
Foreign taxation		
Current	697	3,015
Deferred	(2,000)	(615)
	57,212	110,881
(Over)/under provision		
Current	942	1,718
Deferred	(1,000)	(1,670)
	57,154	110,929

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 no sale of unquoted investments. However, there was a loss on sale of properties amounting to RM1.24 million 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 :-

	Individual Quarter 3 months ended 30-Sep-2006 RM'000	Cumulative Quarter 9 months ended 30-Sep-2006 RM'000
Total purchases	-	5,390
Total proceeds from disposals	2,080	15,506
Profit on disposal	212	1,894

(b) Total investments in quoted securities as at 30 September 2006 were as follows:-

	RM'000
At cost	395,949
At book value	391,879
At market value	742,017

B8. Status of corporate proposals

On 13 October 2004, the Company entered into two separate conditional Shares Sale Agreements for the disposal of its entire 12.15% equity interest in Gula Padang Terap Sdn Bhd comprising 13,000,000 ordinary shares of RM1.00 each and 12.15% equity interest in Gula Padang Terap Plantations Sdn Bhd comprising 121,500 ordinary shares of RM1.00 each.

The disposal of shares in Gula Padang Terap Sdn Bhd was completed on 15 November 2006 and the disposal of shares in Gula Padang Terap Plantations Sdn Bhd is in the process of completion.

B9. Group borrowings

Total Group borrowings as at 30 September 2006 were as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	11,583	-	11,583
Long term bank loans (USD)	352,310	-	352,310
Long term bank loans (CNY)	20,983	-	20,983
Hire purchase liabilities	246	246	-
Repayments due within the next 12 months	(9,426)	(202)	(9,224)
	375,696	44	375,652
Short term bank borrowings			
Bills payable	185,597	-	185,597
Short term loans	145,999	-	145,999
Short term loans (USD)	301,585	-	301,585
Current portion of long term loans	9,224	-	9,224
Hire purchase liabilities	202	202	-
	642,607	202	642,405
Bank overdrafts	12,822	-	12,822
	655,429	202	655,227

B10. Off Balance Sheet Financial Instruments

Foreign Currency Contracts

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument.

As at 18 November 2006, the Group has hedged outstanding foreign currency contracts of USD360.758 million equivalent to RM1.314 billion. These contracts are short term and majority are due to mature within the next two months.

There is minimal credit risk because these contracts are entered into with licensed financial institutions.

Besides a small fee, there is no cash requirement for these instruments.

Commodities Futures Contracts

The Group enters into commodity future contracts to hedge its exposure to price volatility in palm oil commodities. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

There is minimal credit risk because these contracts are entered into through the Bursa Malaysia Derivatives.

Besides a small fee, the Group is required to place margin deposit for these outstanding contracts.

As at 18 November 2006, the Group's outstanding CPO futures contracts that were entered into as hedges on sales amounted to RM49.169 million in notional value. These outstanding contracts are due to mature within the next four months.

B11. Material litigation

As previously reported, Suburmas Plantations Sdn Bhd, a 70% owned subsidiary of PPB Oil Palms Berhad had submitted a claim for RM77.3 million on about 2,176 hectares of land compulsorily acquired by the Sarawak State Government. The claim has been filed at the High Court, Bintulu and the date of hearing originally fixed on 21 November 2006 has been adjourned to 17 January 2007 for pre-trial management.

B12. Dividend

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

Dividends Paid

Dividends paid for the financial year 2005 and up to the date of this report are as follows :-

Financial Year	Type	Rate	Payment Date
2005	Interim dividend	5 sen less 28% income tax	28 September 2005
2005	Final dividend	15 sen less 28% income tax	7 June 2006
2006	Interim dividend	5 sen less 28% income tax	28 September 2006

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's profit for the current 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 November 2006

By Order of the Board
Tan Teong Boon
Company Secretary