

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2007**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 31 March 2007**

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

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

## Condensed Consolidated Balance Sheets

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

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

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

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Statement Of Changes In Equity**  
**For The Period Ended 31 March 2007**

	Non-distributable					Distributable		Minority interests RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Relating to assets held for sale RM'000	Retained profits RM'000			Attributable to shareholders of the Company RM'000
<b><u>3 months ended 31 March 2007</u></b>										
At 1 January 2007	1,185,500	6,715	160,540	(33,901)	175,855	-	3,149,975	4,644,684	886,641	5,531,325
Net gains/(losses) recognised directly to equity	-	-	5,672	(1,608)	1	(808)	(349)	2,908	(10,466)	(7,558)
Profit for the year	-	-	-	-	-	-	168,433	168,433	28,906	197,339
Total recognised income and expenses for the period	-	-	5,672	(1,608)	1	(808)	168,084	171,341	18,440	189,781
Transfer of reserves	-	-	(565)	-	1	-	564	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	-	(25,740)	(25,740)
Shares issued to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	10,205	10,205
Capital reduction by a subsidiary	-	-	-	-	-	-	-	-	(6,450)	(6,450)
Dividends	-	-	-	-	-	-	-	-	(14,442)	(14,442)
At 31 March 2007	1,185,500	6,715	165,647	(35,509)	175,857	(808)	3,318,623	4,816,025	868,654	5,684,679
<b><u>3 months ended 31 March 2006</u></b>										
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	-	-	-	-	-	-	50,279	50,279	397	50,676
At 1 January 2006 (restated)	1,185,500	6,715	162,180	(15,590)	162,910	-	2,763,717	4,265,432	804,053	5,069,485
Net (losses)/gains recognised directly to equity	-	-	-	(7,258)	200	-	(19)	(7,077)	3,069	(4,008)
Profit for the period	-	-	-	-	-	-	87,620	87,620	18,610	106,230
Total recognised income and expenses for the period	-	-	-	(7,258)	200	-	87,601	80,543	21,679	102,222
Transfer of reserves	-	-	(625)	-	(162)	-	787	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	-	(1,033)	(1,033)
Dividends	-	-	-	-	-	-	-	-	(226)	(226)
At 31 March 2006	1,185,500	6,715	161,555	(22,848)	162,948	-	2,852,105	4,345,975	824,473	5,170,448

(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.)

**PPB GROUP BERHAD (8167-W)**  
**Condensed Consolidated Cash Flow Statements**  
**For The Period Ended 31 March 2007**

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

(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.)

## NOTES

**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.

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

**b) Discontinued operations**

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

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

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

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

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

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

The Group's operations are not materially affected by any seasonal or cyclical factors except for the oil palm plantation operations in which the cropping pattern declines to a trough in the first half of the year and rises to a peak in the second half, and this is reflected accordingly in the production of the Group's plantations and mills.

**A4. Unusual items affecting assets, liabilities, equity, net income, or cash flow**

There were no items of an unusual nature, size or incidence that affect the assets, liabilities, equity, net income and cash flows of the Group during the current period under review.

**A5. Nature and amount of changes in estimates**

There were no changes in estimates of amounts reported in prior financial years which have a material effect in the current interim period.

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

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

**A7. Dividends paid**

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

## A8. Segmental reporting

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

	Continuing operations											Discontinued operations					Total Operations	
	Sugar refining and cane plantation	Grains trading, flour and feed milling	Oil palm plantations	Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Total	Edible oils refining and trading	Oil palm plantations	Packaging	Eliminations		Total
<i>All figures in RM'000</i>																		
<b>Information About Business Segments:</b>																		
<b>REVENUE</b>																		
External sales	285,380	215,731	608	13,350	10,761	10,213	36,923	9,034	31,354	75,414	-	688,768	2,324,730	45,321	16,029	-	2,386,080	3,074,848
Inter-segment sales	-	18,028	-	3,146	4,691	-	-	316	477	7,572	(34,230)	-	31,949	135,700	-	(167,649)	-	-
Total revenue	<u>285,380</u>	<u>233,759</u>	<u>608</u>	<u>16,496</u>	<u>15,452</u>	<u>10,213</u>	<u>36,923</u>	<u>9,350</u>	<u>31,831</u>	<u>82,986</u>	<u>(34,230)</u>	<u>688,768</u>	<u>2,356,679</u>	<u>181,021</u>	<u>16,029</u>	<u>(167,649)</u>	<u>2,386,080</u>	<u>3,074,848</u>
<b>RESULT</b>																		
Segment operating results	30,344	30,287	226	253	(4,442)	(278)	6,122	2,548	807	1,981	175	68,023	19,875	76,772	2,053	-	98,700	166,723
Unallocated corporate expense												(3,535)					-	(3,535)
Profit from operations												64,488					98,700	163,188
Investing activities												27,165					450	27,615
Share of associated companies' profits less losses	1,347	2,496	-	-	-	1,114	378	847	-	829	-	7,011	55,825	240	-	-	56,065	63,076
Share of joint ventures' profits less losses	-	-	-	-	-	163	-	-	-	-	-	163	-	-	-	-	-	163
Finance costs												(1,112)					(9,045)	(10,157)
Profit before taxation												<u>97,715</u>					<u>146,170</u>	<u>243,885</u>



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

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

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

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

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

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

- (a) On 5 March 2007, Sitaclean Technologies (M) Sdn Bhd (“Sitaclean”), an indirect wholly-owned subsidiary of PPB, was placed under member’s voluntary winding-up. Arising therefrom, Sitaclean will cease to be an indirect subsidiary of PPB.
- (b) The liquidation of Jasa Karya Sdn Bhd, a wholly-owned subsidiary company of PPB Oil Palms Berhad has been completed during the quarter.
- (c) The liquidation of Fedflour Trading Company Limited, a wholly-owned subsidiary company of FFM Berhad has been completed during the quarter.

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

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

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

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

**B. BMSB Listing Requirements (Part A of Appendix 9B)****B1. Review of Performance for the current quarter and financial year-to-date**

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

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

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

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

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

**B3. Prospects for current financial year**

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

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

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

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

Not applicable.

**B5. Taxation**

	Individual Quarter 3 months ended 31-Mar-2007 RM'000	Cumulative Quarter 3 months ended 31-Mar-2007 RM'000
Taxation comprises:-		
<u>Continuing operations</u>		
Malaysian taxation based on profit for the period:-		
Current	18,797	18,797
Deferred	1,262	1,262
	<u>20,059</u>	<u>20,059</u>
Underprovision		
Current	97	97
Deferred	2,346	2,346
	<u>22,502</u>	<u>22,502</u>

	Individual Quarter 3 months ended 31-Mar-2007 RM'000	Cumulative Quarter 3 months ended 31-Mar-2007 RM'000
<u>Discontinued operations</u>		
Malaysian taxation based on profit for the period:-		
Current	18,379	18,379
Deferred	5,291	5,291
	<u>23,670</u>	<u>23,670</u>
Foreign taxation		
Current	1,234	1,234
Deferred	(784)	(784)
	<u>24,120</u>	<u>24,120</u>
Overprovision		
Current	(6)	(6)
Deferred	(70)	(70)
	<u>24,044</u>	<u>24,044</u>

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

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

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

#### B7. Quoted securities

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

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

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

	RM'000
At cost	386,609
At book value	385,938
At market value	933,143

**B8. Status of corporate proposals**

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

The Acquisition was completed on 28 February 2007.

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

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

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

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

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

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

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

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

**B9. Group borrowings**

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

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
<u>Continuing operations</u>			
Long term bank loans (CNY)	19,694	-	19,694
Hire purchase liabilities	266	266	-
Repayments due within the next 12 months	(2,614)	(150)	(2,464)
	<u>17,346</u>	<u>116</u>	<u>17,230</u>
Short term bank borrowings			
Bills payable	48	-	48
Short term loans	11,500	-	11,500
Short term loans (USD)	35,730	-	35,730
Current portion of long term loans	2,464	-	2,464
Hire purchase liabilities	150	150	-
	<u>49,892</u>	<u>150</u>	<u>49,742</u>
Bank overdrafts	2,290	616	1,674
	<u>52,182</u>	<u>766</u>	<u>51,416</u>
<u>Discontinued operations</u>			
Long term bank loans	64,435	-	64,435
Long term bank loans (USD)	282,211	-	282,211
Repayments due within the next 12 months	(931)	-	(931)
	<u>345,715</u>	<u>-</u>	<u>345,715</u>
Short term bank borrowings			
Bills payable	490,603	-	490,603
Short term loans	52,405	-	52,405
Current portion of long term loans	931	-	931
	<u>543,939</u>	<u>-</u>	<u>543,939</u>
Bank overdrafts	337	-	337
	<u>544,276</u>	<u>-</u>	<u>544,276</u>

**B10. Off Balance Sheet Financial Instruments****Foreign Currency Contracts**

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument and where the foreign exchange contracts are used to hedge against anticipated future transactions, gains and losses are not recognised until the transaction occurs.

As at 24 May 2007, the Group has hedged outstanding foreign currency contracts of USD22.6 million equivalent to RM77.3 million. These contracts are short term and majority are due to mature within the next two months.

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

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

**Commodities Futures Contracts**

The Group enters into commodity future contracts to hedge its exposure to price volatility in palm oil commodities. Gains and losses arising from the differentials between the market selling and buying prices of futures contracts are recognised as income or expense in the income statement on settlement dates.

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

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

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

**B11. Material litigation**

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

**B12. Dividend**

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

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

**Dividends Paid/Payable**

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

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

**B13. Earnings per Share**

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

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

**Kuala Lumpur**  
**30 May 2007**

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