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INVESTOR UPDATE

1st QUARTER REPORT 31 March 2006

PPB GROUP BERHAD

CHEMICAL WASTE MANAGEMENT SDN BHD
BUKIT PANCOR ULTRA FILTRATION POTABLE WATER TREATMENT PLANT

Incorporated in 1986, Chemical Waste Management Sdn Bhd ("CWM") is wholly-owned by Chemquest Sdn Bhd, a 55% subsidiary of PPB Group Berhad. With its core businesses in municipal water and sewage treatment as well as solid waste management, CWM is active in the utilities and environmental industries as an integrated solution provider capable of offering a wide range of services to its clients.

To date, CWM has been involved in 27 water projects and 50 sewage and wastewater projects worth RM1 billion, besides participating in water supply and sanitary landfill privatisation schemes. The accumulated experience is being used to assist Chemquest in its venture into China.

CWM's expertise in the construction of Reverse Osmosis water plants for resorts and industries had enabled them to win the tender for the 5,000 m3/day Ultra Filtration Potable Water Treatment Plant project at Bukit Pancor, Penang which was sponsored by Perbadanan Bekalan Air Pulau Pinang (PBAPP).

Bukit Pancor Project

The Bukit Pancor Project is the first sizable Ultra Filtration Potable Water Treatment Plant in the country using advanced membrane technology for municipal water treatment. The RM5.3 million plant will provide clean and safe water to about 430,000 registered consumers. The plant was completed in mid-May 2006 within a duration of 8 months.

Ultra Filtration Potable Water Treatment Plant at Bukit Pancor, Penang

In conjunction with the implementation of the Bukit Pancor project, PBAPP organised a Technical Seminar on Membrane Filtration Technology in Potable Water Treatment on 26 April 2006 followed by a Technical Site Visit to the Bukit Pancor Ultra Filtration Plant the following day. The Seminar was officiated by the Chief Minister of Penang, Tan Sri Dr Koh Tsu Koon and was well received by the public and private sectors involved in the water industries.

CHEMICAL WASTE MANAGEMENT SDN BHD

BUKIT PANCOR ULTRA FILTRATION POTABLE WATER TREATMENT PLANT (continued)

Chief Minister launching the animated ultra filtration process on the backdrop.

At the raw water pump station during the Technical Site Visit

Significance of the Bukit Pancor Project

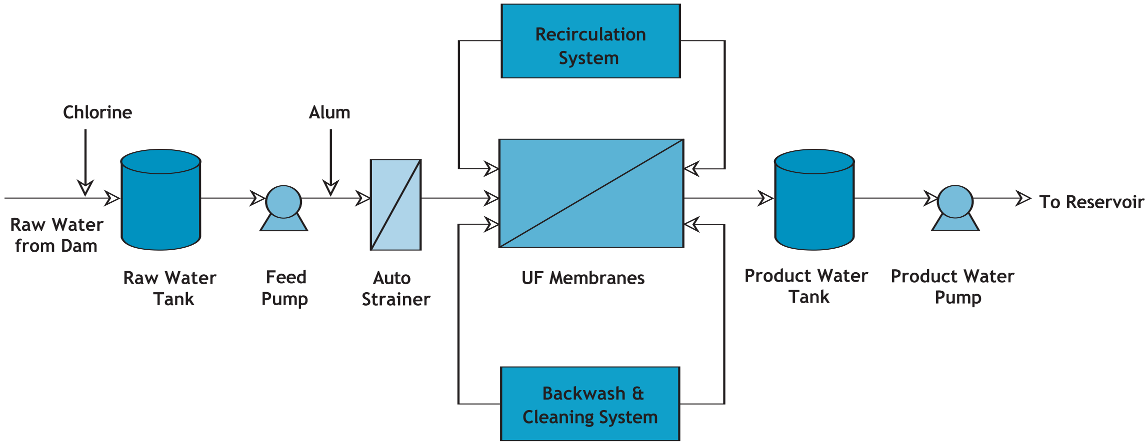
The Bukit Pancor Project will enhance CWM's strategic position in membrane applications for municipal water treatment. The same technology can be further proliferated within Penang as well as to other states in Malaysia. Other opportunities in membrane applications include water reclamation from sewage treatment effluent for industrial use.

Prospects

The Membrane Filtration market is growing rapidly. According to recent reports by McIlvaine Company and Frost & Sullivan, the global filtration market for membranes and related equipment is expected to continue growing at a minimum of 15% per year for both the municipal and industrial markets through 2020. This significant market growth is expected to be driven by the increased awareness of the importance of clean water, the economic growth in China, India and other Asian countries and East Europe.

The initiative by PBAPP to implement the Ultra Filtration Potable Water Treatment Plant at Bukit Pancor signifies the country's in tandem move with the development worldwide.

Ultra-filtration Treatment Process



Ultra Filtration

Ultra Filtration is a type of filtration technology using membranes. When used in potable water treatment, the system employs hydrostatic pressure to force the raw water (normally from retained source such as dam) against a semi-permeable membrane and removes particles in the 0.002 to 0.1 micron range including pollen, algae, parasites, bacteria, viruses and germs. The filtered water is suitable for supply to consumers.

Benefits of Ultra Filtration

- Robust filtration process capable of removing 99.99% of pathogens present in water;
- Available in small footprints;
- Energy efficient;
- Reduces chemical costs;
- Reduces manpower as the plant can be fully automated; and
- Consistent product water quality.

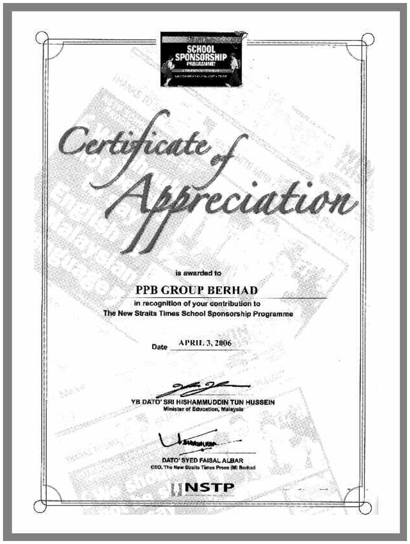
PRESS & ANALYST BRIEFING

On 3 March 2006, PPB Group Berhad held a briefing for the press and analysts at Wisma Jerneh, Kuala Lumpur to present the results of PPB Group for the financial year ended 31 December 2005.

Analysts and fund managers from various local and foreign research houses and securities firms as well as members of the press from leading local news publications were present at the Briefing. The Briefing was well received with a total of 63 attendees.

The CEOs of PPB's subsidiary groups gave slide presentations of their respective division's performance and management focus for year 2006. Thereafter, the Executive Chairman of PPB, Datuk Oh Siew Nam and the Group's management team dealt with the numerous questions raised during the Q&A session.

PPB CONTRIBUTES TO NST'S SCHOOL SPONSORSHIP PROGRAMME


SCHOOL SPONSORSHIP PROGRAMME

Certificate of Appreciation

is awarded to

PPB GROUP BERHAD

in recognition of your contribution to
The New Straits Times School Sponsorship Programme

Date APRIL 3, 2006

YB DATO' SRI HISHAMMUDDIN TUN HUSSEIN
Minister of Education, Malaysia

DATO' SYED FAISAL ALBAR
CEO, The New Straits Times Press (M) Berhad

NSTP

As part of PPB Group's continuing support of education for Malaysians, PPB contributed towards the School Sponsorship Programme (SSP) organised by The New Straits Times.

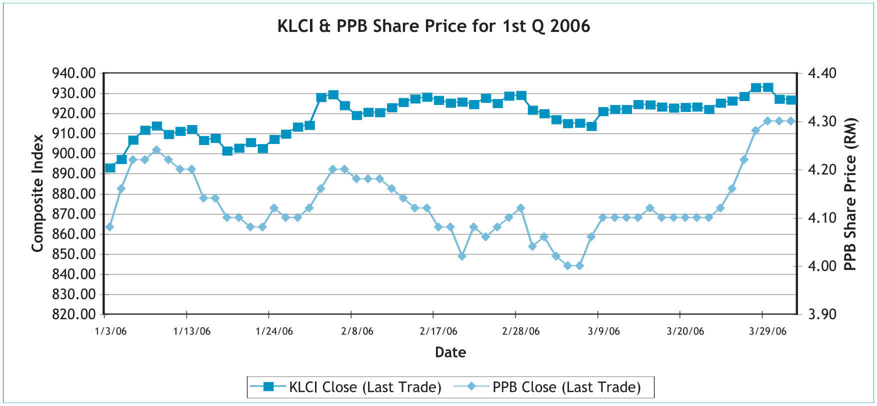
The objective of SSP is to provide students especially those in the rural areas greater access to local and global news as well as to accelerate learning of the English Language through reading of newspapers in the classroom.

PPB's contribution enabled 20 secondary schools in the state of Perlis to participate in the SSP for a year. In gratitude of PPB's contribution, a Certificate of Appreciation from the Minister of Education, YB Dato' Sri Hishammuddin Tun Hussein, was given to PPB.

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE
FOR 1ST QUARTER 2006

SHARE analysis

	1st Q 2006	4th Q 2005	% change
PPB share price			
Closing price (high)	4.30	4.46	-3.59%
Closing price (low)	4.00	4.08	-1.96%
Month end closing price	4.30	4.16	3.37%
Weighted share price	4.13	4.24	-2.59%
Market capitalization (RM' million)	5,097.65	4,931.68	3.37%
PPB share volume			
Daily volume (high)	1,817,400	2,472,000	-26.48%
Daily volume (low)	25,200	30,800	-18.18%
Average daily volume	581,195	447,200	29.96%
Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	934.53	928.88	0.61%
KLCI closing (low)	930.82	885.14	5.16%
KLCI month end closing	926.63	899.79	2.98%
Kuala Lumpur Composite Index (KLCI) volume			
Daily Volume (high)	194,484,304	124,600,800	56.09%
Daily Volume (low)	21,875,900	28,286,400	-22.66%
Average Daily Volume	98,077,344	69,360,317	41.40%



The KLCI began the year well riding on the effects of a rally in regional markets at the start of the New Year and the upward trend continued in February after the Chinese New Year break. The market eased on concerns over the higher interest rates but recovered in March on expectations of an expansionary Ninth Malaysian Plan with the KLCI closing in the 1st Quarter of 2006 at 926.6 points, up 3% from the preceding quarter.

Moving in tandem with KLCI's index, PPB shares closed 14 sen higher at RM4.30 on the last trading day of the quarter compared with RM4.16 in the preceding quarter. As at 31 March 2006, the market capitalization of PPB shares improved 3% to RM5.098 billion whilst PPB's daily average volume increased by 30% to 581,195 shares.

GROUP FINANCIAL HIGHLIGHTS
(THE FIGURES HAVE NOT BEEN AUDITED)

FINANCIAL statistics

Financial period ended (All figures in RM million)		3 months 31.3.06	31.3.05 (Restated)	Change %	12 month 31.12.05 (Restated)
INCOME STATEMENT					
Revenue		2,681	2,584	3.8	10,688
Profit from operations		113	136	(16.9)	517
Profit before taxation		139	149	(6.7)	609
Profit for the period		106	109	(2.8)	468
Profit attributable to Shareholders of the Company		88	87	1.1	395
BALANCE SHEET					
Non-current assets		3,945	3,820	3.3	3,910
Current assets					
Cash and bank deposits		743	605	22.8	753
Others		1,841	1,699	8.4	1,706
Total current assets		2,584	2,304	12.2	2,459
Total assets		**6,529**	**6,124**	**6.6**	**6,369**
Equity					
Share capital		1,186	593	100.0	1,186
Reserves		3,160	3,410	(7.3)	3,030
Equity attributable to Shareholders of the Company		4,346	4,003	8.6	4,215
Minority interest		824	801	2.9	804
Total equity		5,170	4,804	7.6	5,019
Non-current liabilities					
Bank borrowings		157	156	0.6	149
Others		312	318	(1.9)	332
Total non-current liabilities		469	474	(1.1)	481
Current liabilities					
Bank borrowing		354	255	38.8	367
Others		536	591	(9.3)	502
Total current liabilities		890	846	5.2	869
Total liabilities		1,359	1,320	3.0	1,351
Total equity and liabilities		**6,529**	**6,124**	**6.6**	**6,369**
RATIOS					
Return on net assets before taxation	(%)	2.69	3.10		12.12
Return on net assets after taxation	(%)	2.05	2.27		9.33
Return on equity attributable to Shareholders of the Company	(%)	2.02	2.17		9.36
Earnings per share	(sen)	7.39	7.34	1.1	33.28
Interest coverage	(times)	26.14	40.10	(34.8)	40.24
Current ratio	(times)	2.90	2.72	6.6	2.83
Total borrowings/Equity	(%)	9.88	8.56		10.29
Long term borrowings/Equity	(%)	3.04	3.25		2.98
Net assets per share	(RM)	4.36	4.05	7.7	4.23
Net dividend per share	(sen)	0.00	0.00		14.40
STOCK MARKET INFORMATION					
Share price	(RM)	4.30	3.35	28.4	4.16
Market capitalisation	(RM million)	5,100	3,973	28.4	4,932
PE ratio	(times)	14.49	11.41		12.50

ANNOUNCEMENTS

17 JAN

FFM Berhad, a wholly-owned subsidiary of PPB, will construct a new 360 mt per day wheat flour mill to be located at Prai, Province Wellesley, next to the existing feedmill which is owned and operated by its indirect wholly-owned subsidiary, JBFM Feedmill Sdn Bhd.

10 FEB

PPB has agreed to extend the prescribed period for the fulfillment and/or satisfaction of the conditions precedent under the conditional agreement dated 13 October 2004 for the disposal of PPB's entire 12.15% equity interest in Gula Padang Terap Sdn Bhd for a period of 6 months commencing on 13 February 2006 and expiring on 12 August 2006.

24 FEB

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.

28 FEB

Release of 4th Quarter Report for the period ended 31 December 2005.

17 MAR

PGEO Group Sdn Bhd, an indirect wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital comprising 2 ordinary shares of RM1.00 each in Biogreen Supply Sdn Bhd ("Biogreen"), for a total cash consideration of RM2.00. Biogreen will undertake the production of oleochemical products using palm oil.

28 MAR

Hexarich Sdn Bhd, a wholly-owned subsidiary of PPB, entered into a Share Sale Agreement with Redtone International Berhad ("Redtone") to acquire 3,000,000 ordinary shares of RM1.00 each representing 20% equity interest in Mobile Money International Sdn Bhd (formerly known as Endoz International Sdn Bhd) ("Mobile Money"), for a total cash consideration of RM3.2 million pursuant to the disposal by Redtone of its entire 13.95 million ordinary shares of RM1.00 each representing 93% equity interest in Mobile Money.

NOTICE OF CHANGE OF TELEPHONE AND FACSIMILE NUMBERS

PPB Group Berhad wishes to announce the change of its telephone and facsimile numbers as follows :-

	New Numbers
General Telephone Line	603-21170888
Facsimile No. (General)	603-21170999
Facsimile No. (Corporate Affairs)	603-21170998

The above changes will be effective **Friday, 16 June 2006.**

PPB GROUP BERHAD'S FINANCIAL RESULTS
FOR THE 1st QUARTER ENDED 31 MARCH 2006

PRESS release

23 MAY 2006 PPB Group Berhad posted an unaudited consolidated pre-tax profit of RM139.1 million for the three months ended 31 March 2006 which was 6.5% lower than the same period recorded last year of RM148.8 million. The lower profit for the 1st Quarter of 2006 was mainly due to lower contributions from the sugar refining and edible oils refining and trading divisions.

Group revenue increased to RM2.681 billion, up 3.8% from RM2.584 billion principally due to an increase in the sales volume of edible oils and higher refined palm product prices realised.

Profit for the 1st Quarter of 2006 reduced by 2.3% to RM106.2 million from RM108.7 million whilst profit attributable to shareholders of the Company increased to RM87.6 million from RM87.0 million. Hence, earnings per share for the quarter under review increased to 7.39 sen compared with 7.34 sen for the same quarter of last year.

BALANCE SHEET

The Group's balance sheet strengthened further with equity attributable to shareholders of the Company growing to RM4.346 billion from RM4.215 billion. The net assets per share appreciated to RM4.36 as at 31 March 2006 from RM4.23 as at 31 December 2005.

The cash position of the Group remains healthy with cash and fixed deposits standing at RM742.9 million compared with RM752.8 million as at 31 December 2005. With total borrowings of RM511.0 million, the Group enjoys a net cash position of RM231.9 million.

REVIEW OF RESULTS

The results of PPB's business operations for the 1st Quarter of 2006 compared with the same period of 2005 are summarized as follows :-

- Sugar Refining and Cane Plantation division achieved lower profits of RM9.1 million due to high raw sugar prices resulting in lower profit margins.
- Flour, feed and grains trading division performed well with a three-fold increase in profits to RM23.7 million.
- Profit contribution from Edible Oils Refining division declined by 44.6% to RM19.0 million due mainly to lower refining margins and higher fuel costs.
- Profits from Oil Palm Plantations rose by 29.5% to RM50.9 million due to a translation gain of USD loans arising from the strengthening of the Indonesian Rupiah against the US Dollar.

PPB GROUP BERHAD'S FINANCIAL RESULTS
FOR THE 1st QUARTER ENDED 31 MARCH 2006 (CONT'D)

- Environmental Engineering, Waste Management & Utilities reported profits of RM229,000 compared with loss of RM481,000 in the same quarter last year.
- Contribution from the new cinemas coupled with a strong line-up of blockbuster films improved profits from Film Exhibition and Distribution operations by 57.8% to RM4.4 million.
- The Property Investment & Development division's profit reduced by 24.5% to RM2.6 million as most of the completed residential units have been sold and the new launch of properties is scheduled for the second half of the year.

PROSPECTS FOR 2006

In a statement to the Bursa Malaysia Securities Berhad, the Company expects crop production from the Oil Palm Plantation to be higher for 2006 whilst operating and financial costs are expected to increase. 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 satisfactory. Sugar Refining operations are likely to record lower profits in 2006 due to higher raw sugar prices. The Group's other business operations are expected to maintain their profits as in the previous year. Overall, it is envisaged that PPB Group's performance for the year will remain satisfactory.

CONDENSED CONSOLIDATED INCOME STATEMENTS
For The Period Ended 31 March 2006

(The figures have not been audited)	Individual Quarter 3 months ended 31 MARCH		Cumulative Quarter 3 months ended 31 MARCH	
	2006 RM'000	(Restated) 2005 RM'000	2006 RM'000	(Restated) 2005 RM'000
Revenue	2,681,452	2,584,422	2,681,452	2,584,422
Operating expenses	(2,589,915)	(2,451,351)	(2,589,915)	(2,451,351)
Other operating income	21,419	3,400	21,419	3,400
Profit from operations	112,956	136,471	112,956	136,471
Net profit from investing activities	3,526	6,859	3,526	6,859
Share of associated companies' profits less losses	28,008	9,376	28,008	9,376
Share of joint ventures' profits less losses	153	(122)	153	(122)
Finance costs	(5,528)	(3,811)	(5,528)	(3,811)
Profit before taxation	139,115	148,773	139,115	148,773
Taxation	(32,885)	(40,042)	(32,885)	(40,042)
Profit for the period	106,230	108,731	106,230	108,731
Attributable to :				
Shareholders of the Company	87,620	86,981	87,620	86,981
Minority interest	18,610	21,750	18,610	21,750
Profit for the period	106,230	108,731	106,230	108,731
Earnings per share (sen) :-				
Basic earnings per ordinary share	7.39	7.34	7.39	7.34

(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 31-Mar-06 RM'000	As at 31-Dec-05 RM'000 (Restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,815,432	1,790,966
Investment properties	196,994	202,877
Biological assets	808,336	783,062
Goodwill on consolidation	32,700	32,413
Intangible assets	3,265	3,362
Land held for property development	1,812	437
Investment in associated companies	631,001	633,826
Interests in joint ventures	39,538	40,151
Long term investment	408,690	413,442
Deferred tax assets	7,703	9,827
	3,945,471	3,910,363
Current Assets		
Inventories	886,009	893,729
Biological assets	38,081	43,456
Intangible assets	10,158	10,701
Property development costs	45,343	43,696
Receivables	813,898	714,529
Cash, bank balances and deposits	742,861	752,839
	2,536,350	2,458,950
Non-current assets held for sale	47,510	-
	2,583,860	2,458,950
Total assets	6,529,331	6,369,313
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	3,160,475	3,029,653
Equity attributable to shareholders of the Company	4,345,975	4,215,153
Minority interests	824,473	803,656
Total equity	5,170,448	5,018,809
Non-current Liabilities		
Long term borrowings	156,932	149,438
Negative goodwill	-	23,535
Deferred tax liabilities	311,569	308,567
	468,501	481,540
Current Liabilities		
Payables	511,818	478,875
Short term borrowings	354,043	367,081
Taxation	24,521	23,008
	890,382	868,964
Total liabilities	1,358,883	1,350,504
Total equity and liabilities	6,529,331	6,369,313
Net assets per share (sen)	436	423

(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.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2006

			Non-distributable Reserves		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**
3 months ended 31 March 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	-	-	-	-	-	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 subsidiaries	-	-	-	-	-	-	**-**	(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**
3 months ended 31 March 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	-	-	-	(1,660)	61	-	**(1,599)**	(722)	**(2,321)**
Profit for the period	-	-	-	-	-	86,981	**86,981**	21,750	**108,731**
Total recognised income and expenses for the period	-	-	-	(1,660)	61	86,981	**85,382**	21,028	**106,410**
Transfer of reserves	-	-	(536)	-	154	382	**-**	-	**-**
Issue of ordinary share by subsidiaries	-	-	-	-	-	-	**-**	1,069	**1,069**
Acquisition of subsidiaries	-	-	-	-	-	-	**-**	51	**51**
Dividends	-	-	-	-	-	(42,678)	**(42,678)**	-	**(42,678)**
At 31 March 2005	592,750	526,874	164,138	29,364	152,497	2,537,169	**4,002,792**	801,543	**4,804,335**

(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.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For The Financial Period Ended 31 March 2006

	3 months ended 31 March	
	2006	2005
	RM'000	RM'000
		(Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	139,115	148,773
Adjustments :-		
Non-cash items	177	29,221
Non-operating items	846	(141)
Operating profit before working capital changes	140,138	177,853
Working capital changes		
Net change in current assets	(78,918)	116,209
Net change in current liabilities	31,986	23,298
Cash generated from operations	93,206	317,360
Tax paid	(27,479)	(32,849)
Net cash generated from operating activities	**65,727**	**284,511**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(80,303)	(71,646)
Proceeds from disposal of property, plant and equipment	937	2,860
Investment in subsidiary companies	(1,320)	(41)
Proceeds from sale of investments	5,842	18
Repayment from/(advances to) associated companies	541	(8,583)
Dividends received from investments	3,758	4,936
Interest received	3,930	3,230
Other investing activities	(11,316)	1,084
Net cash used in investing activities	**(77,931)**	**(68,142)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	-	1,069
Bank borrowings	812	(98,185)
Interest paid	(4,796)	(3,811)
Dividends paid	(226)	(42,678)
Other financing activities	(5,484)	(5,433)
Net cash used in financing activities	**(9,694)**	**(149,038)**
Net (decrease)/increase in cash and cash equivalents	**(21,898)**	**67,331**
Cash and cash equivalents at 1 January	735,828	519,858
Effect of exchange rate changes	1,313	81
Cash and cash equivalents at 31 March	**715,243**	**587,270**

(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.)

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) FRS 3 : Business Combinations

The adoption of the new FRS 3 have 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 or 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	(27,141)	606,685
Retained profit brought forward	2,713,438	50,279	2,763,717
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 RM236,000 in the current quarter ended 31 March 2006.

b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations
The non-current assets held for sale comprise the Group's investment in an associated company, Konsortium Abass Sdn Bhd ("ABASS"), and certain landed properties, including leasehold properties. In accordance with FRS 5, the Group has ceased to equity account for its share of profit in ABASS, and ceased to amortise the leasehold properties. The effect of adopting FRS 5 has resulted in a reduction in the Group's share of results in associated companies by RM1.79 million for the current quarter. The effect of ceasing to amortise the abovementioned leasehold properties 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	15,303	(5,927)	9,376
Profit before taxation	154,700	(5,927)	148,773
Taxation	45,969	(5,927)	40,042
Balance Sheets			
Property, plant and equipment	2,780,267	(989,301)	1,790,966
Investment properties	-	202,877	202,877
Biological assets (Long term)	-	783,062	783,062
Intangible assets (Long term)	-	3,362	3,362
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 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 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

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 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
REVENUE						
External sales	191,994	211,929	2,033,212	31,583	13,219	29,183
Inter-segment sales	-	14,902	29,561	106,723	3,078	5,041
Total revenue	191,994	226,831	2,062,773	138,306	16,297	34,224
RESULT						
Segment operating results	9,092	23,716	19,038	50,903	591	1,272
Unallocated corporate expense						
Profit from operations						
Investing activities						
Finance costs						
Share of associated companies' profits less losses	932	1,433	21,927	529	-	-
Share of joint ventures' profits less losses	-	-	-	-	-	-
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) PPBOP and its subsidiaries have completed the following acquisitions of subsidiary companies:-

1. Fontille Overseas Limited, a wholly-owned subsidiary of PPBOP, had on 20 January 2006 acquired the entire issued and paid-up share capital of Ivory Rose Pte Ltd, a limited company incorporated in Singapore, for a cash consideration of SGD1.00.
2. Fine Concept Holdings Limited, a wholly-owned subsidiary of PPBOP, had on 27 January 2006 acquired the entire issued and paid-up share capital of Coudrey Pte Ltd, a limited company incorporated in Singapore, for a cash consideration of SGD1.00.
3. PPBOP had on 27 March 2006 acquired the entire issued and paid-up share capital of Max Wealth Group Limited ("Max Wealth"), a limited company incorporated in the British Virgin Islands, for a cash consideration of USD651. Max Wealth in turn owns the entire issued and paid-up share capital of Newbloom Pte Ltd, a limited company incorporated in Singapore.

All the above subsidiary companies acquired had not commenced business operation.

	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
	12,808	30,772	10,124	22,160	94,468	-	2,681,452
	-	-	287	336	3,914	(163,842)	-
	12,808	30,772	10,411	22,496	98,382	(163,842)	2,681,452
	229	4,353	2,617	1,275	2,228	210	115,524
							(2,568)
							112,956
							3,526
							(5,528)
	775	166	642	(200)	1,804	-	28,008
	153	-	-	-	-	-	153
							139,115

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

(c) Chemquest International Pte Ltd and Garbagemaster Pte Ltd, both indirect wholly-owned subsidiaries have been placed under Member's Voluntary Winding-up on 27 September 2005. The liquidation is in progress

(d) Tri-Electro Sdn Bhd, a 76% indirect subsidiary of the Company, was placed under Members' Voluntary Winding-up on 4 August 2003. The liquidation is still in progress.

(e) Jasa Karya Sdn Bhd ("JKSB"), 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.

(f) Film Allied Services Sdn Bhd, an indirect wholly-owned subsidiary company, has been placed under Members' Voluntary Winding-up on 11 October 2004. The liquidation is still in progress.

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

(h) On 31 October 2005, Chemical Waste Management Sdn Bhd ("CWM"), a 98.95% indirect subsidiary of PPB disposed of its entire 25% equity interest in Konsortium Abass Sdn Bhd ("Abass") comprising 2.5 million ordinary shares of RM1.00 each and 21.875 million redeemable cumulative preference shares of RM0.01 each to Titisan Modal (M) Sdn Bhd for a total cash consideration of RM132 million. The disposal has been completed on 28 April 2006.

(i) On 15 December 2005, Leisure Bowl (JB) Sdn Bhd, a 60% indirect subsidiary of PPB, was placed under Members' Voluntary Winding-up as it had ceased operations in November 2003. The liquidation is still in progress.

(j) 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.

(k) On 17 March 2006, PGEO Group Sdn Bhd, an indirect wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital comprising 2 ordinary shares of RM1.00 each in Biogreen Supply Sdn Bhd ("Biogreen"), for a total cash consideration of RM2.00. Biogreen will undertake the production of oleochemical products using palm oil.

A12. Changes in contingent liabilities or contingent assets

There were no changes in guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 31 March 2006.

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 of RM2.681 billion for the period ended 31 March 2006 is 4% higher when compared with RM2.584 billion in the corresponding period last year mainly due to an increase in sales volume of edible oils and higher refined palm product prices realised.

Group profit before tax of RM139 million was 6% lower compared with RM149 million in the same quarter last year. The sugar refining division recorded lower profits due to higher raw material prices whilst profits from the edible oils refining division also declined due to lower refining margins and higher fuel costs. The plantation division registered higher profits mainly due to a translation gain of USD loans arising from the strengthening of the Indonesian Rupiah. The grains trading, flour and feed milling division and the associated company engaged in commodity trading achieved higher profits for the current period under review.

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 RM139 million was 12% lower compared with RM158 million for the preceding quarter mainly due to lower profits from the oil palm plantation and edible oils refining divisions. The film exhibition and distribution, property investment and development, chemicals trading and manufacturing divisions also recorded lower profits in this quarter.

B3. Prospects for current financial year

Crop production from the oil palm plantation division is projected to be higher for the current financial year whilst operating and financing costs are expected to increase. 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 satisfactory. Sugar refining operations are likely to record lower profits in 2006 due to high raw sugar prices. The Group's other business operations are expected to maintain their profits as in the previous year. Overall, it is envisaged that the Group performance for the year will remain satisfactory.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 31-Mar-2006 RM'000	Cumulative Quarter 3 months ended 31-Mar-2006 RM'000
Malaysian taxation based on profit for the period:-		
Current	25,661	25,661
Deferred	1,171	1,171
	26,832	26,832
Foreign taxation		
Current	1,953	1,953
Deferred	3,138	3,138
	31,923	31,923
(Over)/under provision		
Current	79	79
Deferred	883	883
	32,885	32,885

The effective tax rate is higher than the average statutory rate for the current quarter mainly due to losses incurred by companies within the Group that were not able to offset against taxable profits in other companies and non-deductibility of certain expenses for tax purpose.

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

There was no sale of unquoted investments and 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 were as follows :-

	Individual Quarter 3 months ended 31-Mar-2006 RM'000	Cumulative Quarter 3 months ended 31-Mar-2006 RM'000
Total purchases	-	-
Total proceeds from disposals	5,842	5,842
Profit on disposal	372	372

(b) Total investments in quoted securities as at 31 March 2006 were as follows:-

	RM'000
At cost	399,402
At book value	394,417
At market value	640,800

B8. Status of corporate proposals

On 13 October 2004, the Company entered into two separate conditional Share Sales 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. Todate, certain conditions precedent have not yet been fulfilled and the prescribed period for their fulfillment/satisfaction has been extended for a further period of 6 months commencing on 13 February 2006 and expiring on 12 August 2006.

B9. Group borrowings

Total Group borrowings as at 31 March 2006 were as follows:-

	RM'000	RM'000	RM'000
Long term bank borrowings	Total	Secured	Unsecured
Long term bank loans	8,769	-	8,769
Long term bank loans (USD)	139,056	-	139,056
Long term bank loans (CNY)	22,525	-	22,525
Hire purchase liabilities	555	555	-
Repayments due within the next 12 months	(13,973)	(444)	(13,529)
	156,932	111	156,821
Short term bank borrowings			
Bills payable	224,364	-	224,364
Short term loans	83,510	-	83,510
Short term loans (USD)	27,081	-	27,081
Current portion of long term loans	13,529	-	13,529
Hire purchase liabilities	444	444	-
	348,928	444	348,484
Bank overdrafts	5,115	1,807	3,308
	354,043	2,251	351,792

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 17 May 2006, the Group has hedged outstanding foreign currency contracts of USD164.032 million equivalent to RM593.067 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 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 17 May 2006, the Group's outstanding CPO futures contracts that were entered into as hedges on sales amounted to RM0.73 million in notional value. The outstanding CPO futures contracts matures in July 2006.

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 has been fixed for 17 to 21 July 2006.

B12. Dividend
The Final Dividend for the financial year ended 31 December 2005 was approved by shareholders at the Company's 37th Annual General Meeting held on 18 May 2006 and will be paid on Wednesday, 7 June 2006.

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 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	Payable on 7 June 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
23 May 2006

By Order of the Board
Tan Teong Boon
Company Secretary