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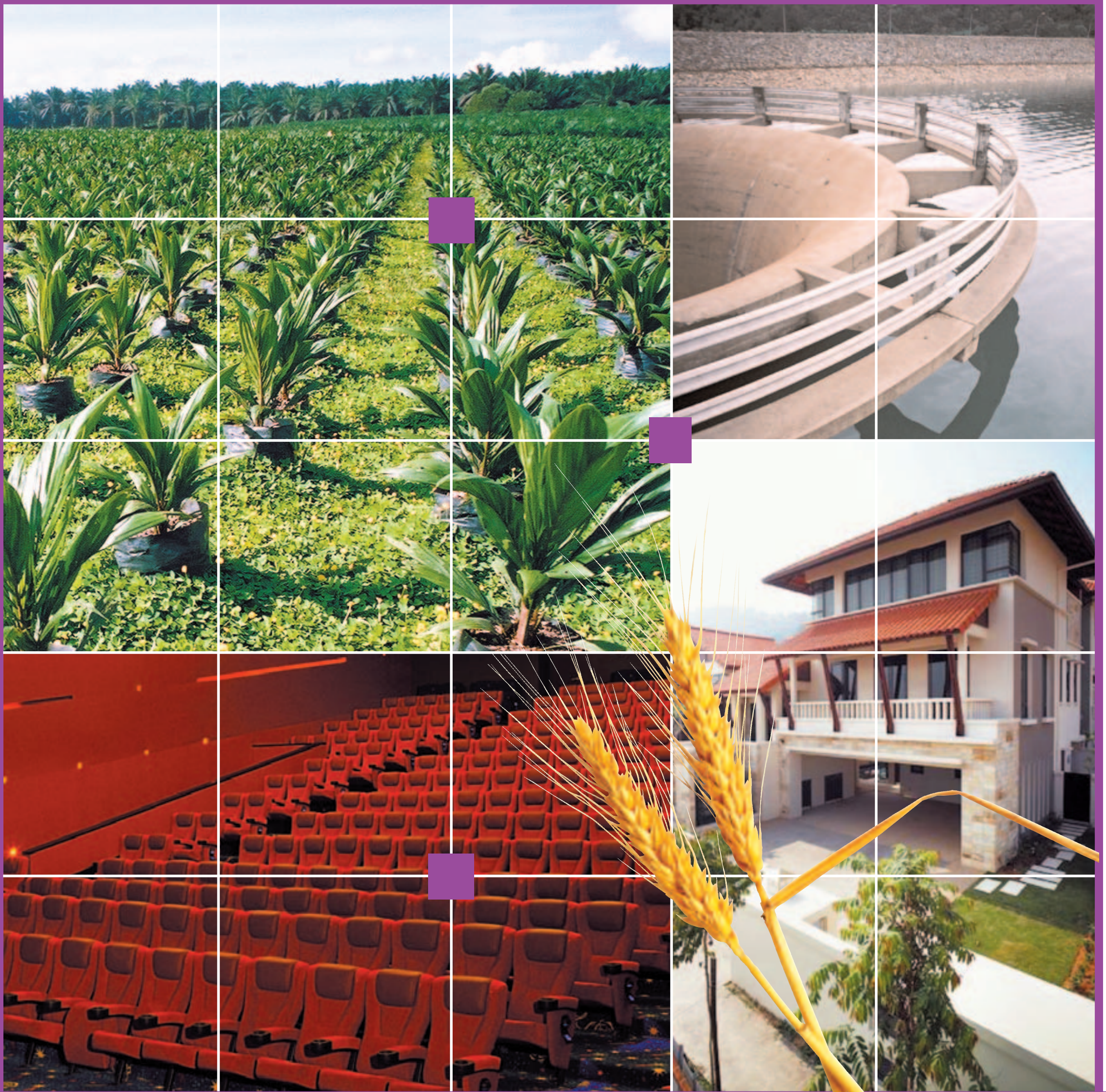
INVESTOR UPDATE

4th QUARTER REPORT 31 December 2006



PPB GROUP BERHAD

PPB GROUP ACHIEVES A NEW RECORD PROFIT PERFORMANCE IN 2006

Year 2006 proved to be a rewarding year for PPB Group Berhad as the Group achieved its best financial performance to date to attain a new unaudited profit before tax record of RM840.1 million, a handsome increase of 38% over the RM608.5 million recorded in 2005. Revenue grew by 8% to RM11.52 billion compared to RM10.7 billion in 2005. Profit attributable to shareholders escalated to RM560.7 million, up 42.1% from 2005. Accordingly, earnings per share increased to 47.29 sen from 33.28 sen. The good performance was due to higher profits recorded from the grains trading, flour and feed milling division, edible oils division and oil palm plantation division. The Group's associated company engaged in commodity trading recorded higher profits from favourable market conditions and the gain from the disposal of an associated company engaged in utilities also contributed to the increase in profits.

FFM's 360-mt per day flour mill at Prai will be ready by 4Q08

Masera's Type A Bungalow

In 2006, the Group continued to expand its core businesses locally and abroad with additional focus on downstream activities. A review of the major activities undertaken in the year is as follows :-

17 January 2006

FFM Berhad, a wholly owned subsidiary of PPB Group, announced the construction of a new 360-mt per day wheat flour mill in Prai, Province Wellesley costing about RM46 million. The new flour mill which is scheduled to commence operation in the 4th Quarter of 2008 will increase FFM's market share and provide better service to its customers in the northern region.

17 March 2006

PGEO Group Sdn Bhd (PGSB), a wholly owned subsidiary of PPB, acquired 100% equtiy interest in Biogreen Supply Sdn Bhd (Biogreen). Biogreen will undertake the production of oleo chemical products using palm oil.

28 March 2006

Hexarich Sdn Bhd, a wholly owned subsidiary of PPB, entered into a Share Sale Agreement with Redtone International Berhad to purchase 3 million ordinary shares of RM1.00 each representing 20% equity interest in Mobile Money International Sdn Bhd for a total cash consideration of RM3.2 million.

Mobile Money International Sdn Bhd (formerly known as Endoz International Sdn Bhd) is a mobile payment service provider and an investment holding company, while the principal activities of its subsidiaries are provision of software development services and marketing of payment services.

28 April 2006

Chemical Waste Management Sdn Bhd, a 100% indirect subsidiary of PPB Group, completed the disposal of its entire 25% equity interest in Konsortium Abass Sdn Bhd to Titisan Modal (M) Sdn Bhd for a total cash consideration of RM132 million giving rise to a profit of RM87.2 million.

28 April 2006

FFM acquired 100% equity interest in Mantap Hijau Sdn Bhd (MHSB). MHSB will manage and operate a meat processing plant at Pulau Indah.

15 June 2006

PGSB acquired 100% equity interest in Saga Venture Sdn Bhd (SVSB). SVSB will undertake the manufacturing of specialty fats at Sandakan, Sabah.

8 September 2006

FFM SMI Sdn Bhd, a wholly owned indirect subsidiary of PPB Group, entered into a Share Sale Agreement with Mr Victor Lee Lok Kan, to acquire 35% equity interest in Foodteller Sdn Bhd (FSB) for a total cash consideration of RM2.52 million.

FSB is principally engaged in the production of Asian snack food. Set up in 2001, FSB specializes in spring roll pastry, vegetable spring roll, vegetable samosa, kachorie, vegetable patties and paratha. Today, FSB exports 80% of its products to Europe, USA, Canada, Middle East, Australia, New Zealand and other Asia Pacific countries. The acquisition is aimed at expanding the Group's current frozen food market.

12 September 2006

PPB Hartabina Sdn Bhd (PPBH), a wholly owned subsidiary of PPB, launched the development of Masera Bukit Segar bungalows. PPBH's exclusive residential homes, located on the highest point of Bukit Segar off Jalan Cheras, will be undertaken in two phases comprising 38 units of 2 1/2 storey luxury bungalows in a private gated community covering a total area of 21 acres of freehold land.

22 September 2006

PT Mustika Sembuluh, a 90% indirect subsidiary of PPB Group, commissioned the Group's first palm oil mill in Central Kalimantan. Located 65 km from Sampit town, and costing about RM33 million, the mill features state-of-the-art vertical sterilizer design, which is the first of its kind in the Group's palm oil mills.

With a production capacity of 60 tonnes per hour (tph) and expandable to 120 tph, the mill is set to cater to the rising fresh fruit bunches production from the Group's Central Kalimantan existing oil palm projects.

1 November 2006

Mantap Aman Sdn Bhd ("Mantap Aman"), an indirect wholly owned subsidiary of PPB Group entered into a Joint Venture Agreement with Millerstar Pte Ltd, Singapore, to construct, maintain and operate a wheat flourmill in Indonesia under a joint venture company known as "P T Pundi Kencana". Mantap Aman will hold 51% equity interest in the joint venture company equivalent to RM10.2 million.

The proposed flourmill will be located at Cilegon, a town situated on the western side of Java Island. The joint venture will enable PPB Group to expand its flour milling activity into Indonesia and enhance its operational efficiencies as a result of economies of scale in the wheat flour milling business.

15 November 2006

PPB completed the disposal of its entire 12.15% equity interest in Gula Padang Terap Sdn Bhd (GPT) comprising 13 million ordinary shares of RM1.00 each in Tradewinds (M) Bhd for a total cash consideration of RM22.842 million resulting in a profit of RM10.8 million. GPT is principally engaged in the processing of sugar cane and refining of imported raw sugar.

28 November 2006

PPB Leisure Holdings Sdn Bhd (PPBL), a wholly owned subsidiary of PPB, entered into a Share Sale & Separation Agreement with Golden Harvest Films Distribution Holding Ltd to acquire 12,269,466 ordinary shares of RM1.00 each equivalent to 40.2% equity interest in Golden Screen Cinemas Sdn Bhd (GSC). The acquisition will increase PPBL's stake in GSC to 94.4% and will enable PPBL to have better control of the growth and direction of GSC as well as increase its market share of the cinema business in Malaysia.

14 December 2006

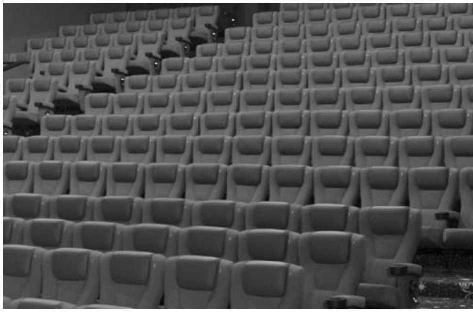
PPB received a friendly offer from Wilmar International Limited (Wilmar) to acquire from FFM Berhad 65.8% equity interest in PGEO Group Sdn Bhd and 28% equity interest in Kuok Oils & Grains Pte Ltd (KOG) at a consideration of SGD491 million and SGD523 million respectively as at 13 December 2006 to be satisfied by the issuance of 287,122,772 and 305,635,556 of Wilmar shares respectively.

PPB Oil Palms Berhad (PPBOP), a 55.6% subsidiary of PPB, also received a Notice of Conditional Voluntary Offer from Wilmar to acquire all of its shares under the Malaysian Code on Take-overs and Mergers 1998 on the basis of 2.3 Wilmar shares for every PPBOP share.

The above offers are subject to the approval of the relevant authorities and shareholders of PPB.

Wilmar is a Singapore incorporated company listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). It is primarily involved in palm oil and related business, with integrated business operations ranging from oil palm cultivation and milling to the refining, processing, branding, merchandising, and distribution of a wide range of palm oil and lauric and related products. The market capitalization of Wilmar as at 13 December 2006 is approximately SGD4.3 billion.

Going forward, PPB Group remains focused on its core businesses and are continually seeking for new investments that are synergistic to its existing operations in order to maintain its competitive edge in the market.



PPB's 94.4% subsidiary, Golden Screen Cinemas Sdn. Bhd. operates a total of 116 screens at 19 locations.

PPB Oil Palms Bhd a 55.6% subsidiary of PPB, received a Notice of Conditional Voluntary Offer from Wilmar International Ltd.

TECHNICAL VISIT TO THE BEIJING LUGOUQIAO SEWAGE TREATMENT PLANT

In the later part of year 2006, Chemquest Group in which PPB has 55% equity interest, hosted a technical visit for the Malaysian Water Association (MWA) delegates to its Beijing Lugouqiao Sewage Treatment Plant in conjunction with the MWA's tour to the 5th International Water Association (IWA) World Water Congress and Exhibition in Beijing.

The MWA delegates consist of a cross-section of representatives from the Ministry, the State Water Supply Departments/Agencies, Private and Public Water Operators, Consultants, Contractors and Suppliers from water related industries. Among the distinguished delegates was Dato' Dr. Halim Bin Man, the Secretary General of the Ministry of Energy, Water and Communications, Malaysia.

The Lugouqiao Sewage Treatment Plant which serves a population of 364,000 mainly in the southwest of Beijing City is one of the key projects by the Beijing Government to improve the drainage in Beijing for the Olympics 2008. The project was awarded to a Business Association formed between Kerry Utilities Limited, Veolia Water and Beijing Drainage Group through an international bidding in year 2002. Chemquest owns 50% stake in Kerry Utilities Limited via Chemquest (Overseas) Limited. The design capacity of Phase 1 of the project is 100,000 m3/day and cost RMB201 million. The plant with a concession period of 20 years commenced commercial operations on 17 December 2004.

NEW MARINA FROZEN FOOD PRODUCTS

FFM Marketing Sdn Bhd (FMSB), a wholly-owned indirect subsidiary of PPB Group, embarked on the frozen food business in February 2003. Its first products under the Marina brand, Tempura Chicken Nuggets and Nuggets with Vegetables were launched successfully, and thus the range was extended to include cheese nuggets, frankfurters, fish fingers and nuggets.

The encouraging demand for processed frozen food in the Malaysian market, coupled with the successful launch of its initial range of products, led FMSB to recently introduce additional items to complement the existing premium range of Frozen Foods under the Marina banner. The new range consists of Beef Balls, Beef Burgers, Beef 'Salisbury Steak' Burgers, Chicken Chipolatas, and Chicken and Beef Sausages.

Made from quality Halal lean meat, these products are specially formulated without MSG, preservatives, artificial flavouring and colouring. It's convenient, truly delicious and definitely suitable for any occasion.

The Marina products can be easily identified in major supermarkets with its unique blue packaging. Spot one and get a pack today!

AWARENESS TALKS ORGANISED FOR PPB EMPLOYEES

During the 4th Quarter of 2006, PPB organised two (2) awareness talks as part of PPB Group's corporate social responsibility activities for its employees. The first talk held on 11 November 2006 was entitled “EPF Members' Role, Responsibilities and Benefits”. It was presented by Mr Sam Raj, an ex-Enforcement Officer from Employee Provident Fund (EPF), who gave PPB Group employees a better insight on their benefits and rights as a contributor of EPF.

The second was a health talk held on 9 December 2006 given by Dr Teo Wee Sin, a Consultant Orthopaedic Surgeon entitled “Osteoporosis : The Silent Bone Killer”. The enlightening presentation by Dr Teo covered the risk factors, symptoms, prevention, treatment strategies and other interesting facts on osteoporosis. Besides gaining greater awareness on the bone ailment, the employees also benefited from a bone density test provided by Merck Sharp Dohme.

PPB GROUP BERHAD INSTILS THE LOVE FOR READING AMONGST SCHOOLCHILDREN

Reading, a simple pleasure, has largely taken a back seat in the current “high tech” revolution as young children of today spend most of their leisure hours watching television, playing video/computer games and surfing the internet.

As part of PPB Group Berhad's (PPB) corporate social responsibility to its community, PPB has chosen to encourage and inspire schoolchildren to read by implementing a project “CULTIVATING THE LOVE FOR READING”. In this project, ten (10) National, Chinese and Tamil schools in the Klang Valley were given a variety of storybooks complete with brightly coloured pictures which the children will find a joy to read.

In a personal message to the schoolchildren, Datuk Oh Siew Nam, the Executive Chairman of PPB, encouraged them to read wherever and whenever they can and to make reading a hobby as it is enjoyable and will enrich their lives with fresh ideas, creativity and hours of entertainment.

PPB will also be rewarding schoolchildren who have read more than 15 books over the school year with a movie at Golden Screen Cinemas, the cinema chain owned by PPB Group. In addition, essay writing, story telling and spelling competitions will be organised in the second half of 2007 and students in the selected schools are encouraged to participate.

ORPHANAGE HOME VISIT

It was an unforgettable afternoon for some of the staff of FFM Marketing Sdn Bhd(FMSB), a 100% indirect subsidiary of PPB, when they visited Compassion Home, an orphanage located in USJ, Subang Jaya. Aiming to spread some Christmas joy and cheer to the youngsters from both the home and Rumah Kids of Klang who gathered there for the day, six FMSB representatives and their spouses were happily received by bubbly and enthusiastic children.

The event, held on 17 December 2006 in conjunction with the Christmas holidays, was not only a time to contribute food and personal supplies to the homes, but a time to enjoy fun-filled activities organized by FMSB staff with the children. The children had a good time playing games and cheering each other on, as well as participating in an art session. The adults were entertained by the children’s friendly chatter, jokes and stories.

In the end, the visit left a deep impact on FMSB's staff. Even faced with hardship and for many, with histories of violence and neglect, the children's positive outlooks on life were inspirational.

DIRECTORS' CONTINUING EDUCATION PROGRAMME

PPB held its second 2006 in-house Directors' Continuing Education Programme (“DCEP”) training session on 8 November 2006. The training session with the objective of assisting the directors in discharging their duties through greater knowledge and understanding, was organised in compliance with the requirements of Bursa Malaysia Securities Berhad.

Mr Kevin Leong and Ms Everine Low of ACE Synergy Insurance Bhd, spoke on the topic “ Directors and Officers Liability” covering the Directors and Officers' exposure, reality of Directors and Officers' claims and the protection available under the Directors and Officers Insurance Coverage. Mr Keith Robert Denholm, Commercial Director of Pacific Carriers Ltd (“PCL”), gave an overview on “Malaysian Bulk Carriers Berhad and the PCL Group”.

The final topic for the training session was “Enhancing Your Image Quotient” by Puan Sri TD Ampikaipakan, Principal Consultant and Trainer from Skill Builders, which aimed to impart to the participants a better understanding of the intricacies of social skills in the business world.

Over 110 participants comprising directors and senior management of PPB and its subsidiary companies attended the DCEP.

SHARE analysis

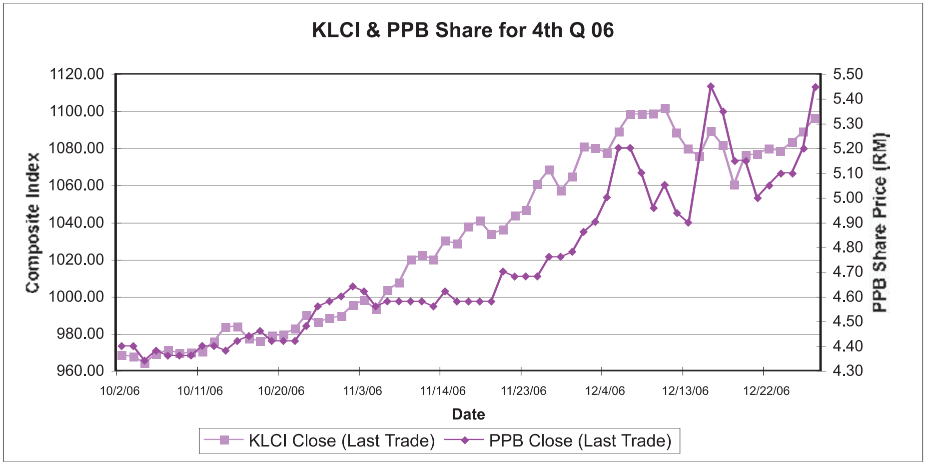
PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE

for 4th Quarter 2006

	4th Q 2006	3rd Q 2006	% change
PPB share price			
Closing price (high)	5.45	4.72	15.47%
Closing price (low)	4.34	3.98	9.05%
Closing price	5.45	4.40	23.86%
Weighted average price	4.96	4.38	13.24%
Market capitalization (RM' million)	6,460.97	5,216.20	23.86%
PPB share volume			
Daily volume (high)	11,390,700	1,933,800	>100%
Daily volume (low)	45,100	83,100	-45.73%
Average daily volume	1,088,519	567,456	91.82%
Kuala Lumpur Composite Index (KLCI)			
KLCI closing (high)	1101.70	968.88	13.71%
KLCI closing (low)	964.06	902.70	6.80%
KLCI month end closing	1096.24	967.55	13.30%
KLCI volume			
Daily Volume (high)	369,717,000	130,089,000	>100%
Daily Volume (low)	61,389,300	46,926,300	30.82%
Average Daily Volume	154,028,616	85,547,543	80.05%

The Kuala Lumpur Composite Index (KLCI) rallied by 13.3% to 1,096.2 points in the fourth quarter after registering a gain of 5.8% in the preceding quarter. The KLCI moved higher in October amidst the sustained up trend in the U.S. markets. Upbeat corporate earnings results, renewed merger & acquisitions activities and higher-than-expected third quarter GDP growth helped the KLCI to rise by 9.3% in November. After touching a 9 1/2 year high of 1,110.1 points in mid-December, the index eased on profit taking to close the fourth quarter at 1,096.2 points.

PPB share price outperformed the KLCI to close 23.86% higher at RM5.45 on 29 December 2006 compared with RM4.40 in the preceding quarter. Market capitalization of PPB shares increased to RM6.46 billion whilst PPB's daily average volume in the quarter increased by a staggering 91.82% to 1,088,519 shares.



GROUP FINANCIAL HIGHLIGHTS
(the figures have not been audited)

Financial year ended (All figures in RM million)		12 months 31.12.06	31.12.05 (Restated)	Change %
INCOME STATEMENT				
Revenue		11,520	10,688	7.8
Profit from operations		584	517	13.0
Profit before taxation		840	609	37.9
Profit for the year		694	468	48.3
Profit attributable to Shareholders of the Company		561	395	42.0
BALANCE SHEET				
Non-current assets		4,271	3,910	9.2
Current assets				
Cash and bank deposits		763	753	1.3
Others		2,255	1,706	32.2
Total current assets		3,018	2,459	22.7
Total assets		**7,289**	**6,369**	**14.4**
Equity				
Share capital		1,186	1,186	0.0
Reserves		3,459	3,029	14.2
Equity attributable to Shareholders of the Company		4,645	4,215	10.2
Minority interests		886	804	10.2
Total equity		5,531	5,019	10.2
Non-current liabilities				
Bank borrowings		334	149	>100.0
Others		303	332	(8.7)
Total non-current liabilities		637	481	32.4
Current liabilities				
Bank borrowings		357	367	(2.7)
Others		764	502	52.2
Total current liabilities		1,121	869	29.0
Total liabilities		1,758	1,350	30.2
Total equity and liabilities		**7,289**	**6,369**	**14.4**
RATIOS				
Return on net assets attributable to Shareholders of the Company	(%)	12.1	9.4	
Earnings per share	(sen)	47.3	33.3	
Interest coverage	(times)	26.7	40.3	
Current ratio	(times)	2.7	2.8	
Total borrowings/Equity	(%)	12.5	10.3	
Long term borrowings/Equity	(%)	6.0	3.0	
Net assets per share attributable to Shareholders of the Company	(RM)	3.9	3.6	
Net dividend per share	(sen)	14.5	14.4	
STOCK MARKET INFORMATION				
Share price	(RM)	5.45	4.16	
Market capitalisation	(RM million)	6,464	4,934	
PE ratio	(times)	11.5	12.5	

2 October Conwaste Disposal Services (P. Pinang) Sdn Bhd, an indirect subsidiary of PPB, granted an interest-free loan of RM200,000/- to its holding company, AWS Sales & Services Sdn Bhd for its working capital requirements.

31 October CQ Technology Limited ("CQT"), an indirect wholly-owned subsidiary of PPB, had ceased operations since August 2005 and was allowed to be struck off pursuant to the International Business Companies Act, (CAP.291) of the British Virgin Islands. Arising therefrom, CQT had ceased to be an indirect subsidiary of PPB.

1 November Mantap Aman Sdn Bhd ("Mantap Aman"), an indirect wholly-owned 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" ("the JVA").

Under the terms of the JVA, Mantap Aman shall acquire and subscribe for a total of 25,500 shares for cash with a total nominal value of Rp25,500,000,000 (equivalent to approx. RM10.2 million), representing 51% of the equity interest in P.T. Pundi Kencana. Arising therefrom, P.T. Pundi Kencana had become an indirect subsidiary of PPB.

16 November PPB, had on 15 November 2006 completed 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 to Tradewinds (M) Berhad for a total cash consideration of RM22,842,000.

24 November Release of 3rd Quarter Report for the period ended 30 September 2006.

24 November Chemquest Sdn Bhd ("CQSB"), a 55% subsidiary of PPB agreed to grant a Continuing Guarantee for an amount of up to USD6 million (equivalent to approx. RM22 million) in favour of ING Bank N.V., Labuan Branch ("INGB") in consideration of INGB agreeing to grant an uncommitted short term revolving credit facility of up to USD6 million to P.T. Healthcare Glovindo, a 99.9% subsidiary of Chemquest (Overseas) Limited ("CQOL"). CQOL is a wholly-owned subsidiary of CQSB.

28 November 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 was completed on 28 February 2007.

30 November Minsec Properties Berhad, a wholly-owned subsidiary of PPB placed its wholly-owned subsidiary, Minsec Management Services Company Limited, Hong Kong ("MMS") under members' voluntary winding-up pursuant to Section 116B of the Companies Ordinance (Chapter 32), Hong Kong. Arising therefrom, MMS had ceased to be an indirect subsidiary of PPB.

13 December PPB received a letter stating that there will be a proposed material corporate exercise involving the PPB group of companies and requested for a suspension in the trading of the securities of the Company on the Main Board of Bursa Securities until 5.00 p.m. on Thursday, 14 December 2006.

14 December PPB received a conditional offer letter from Wilmar International Limited, Singapore ("Wilmar") to FFM Berhad, a wholly-owned subsidiary of PPB, stating their intention to acquire from FFM Berhad :

(a) 65.8% equity interest in PGEO Group Sdn Bhd for a purchase consideration to be satisfied by the issuance of 287,122,772 Wilmar shares; and
(b) 28% equity interest in Kuok Oils & Grains Pte Ltd for a purchase consideration to be satisfied by the issuance of 305,635,556 Wilmar shares.

PPB's subsidiary, PPB Oil Palms Berhad ("PPBOP") also received a Notice of Conditional Voluntary Offer from Wilmar to acquire all of PPBOP shares under the Malaysian Code on Take-overs and Mergers 1998.

21 December PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB, acquired the entire issued and paid-up share capital of RM2.00 in Jubilant Chain Sdn Bhd ("Jubilant Chain") comprising 2 ordinary shares of RM1.00 each, for a total cash consideration of RM1,700/-. The principal activity of Jubilant Chain will be the provision of information technology. Arising therefrom, Jubilant Chain had become an indirect subsidiary of PPB.

21 December Chemquest Sdn Bhd, a subsidiary of PPB, waived the sum of RM3,731,753 from its wholly-owned subsidiary, Chemquest (Overseas) Limited ("CQOL") being the amount of accrued interest due on a shareholders' loan for the period from 1 January 2006 to 30 November 2006.

22 December FFM Berhad, a wholly-owned subsidiary of PPB, applied to the Accounting and Corporate Regulatory Authority of Singapore to strike-off the name of its wholly-owned subsidiary, Tucson Pte Ltd, Singapore ("Tucson") from its register pursuant to Section 344 of the Companies Act, Cap. 50. Arising therefrom, Tucson had ceased to be an indirect subsidiary of PPB.

29 December Leisure Bowl Holdings Sdn Bhd ("LBH"), a wholly-owned subsidiary of PPB, was placed under members' voluntary winding-up and Mr Tang Kin Kheong and Ms Gan Morn Ghuat of Messrs Moores Rowland were appointed as liquidators in respect of the voluntary winding-up. Arising therefrom, LBH had ceased to be an indirect subsidiary of PPB.

CONDENSED CONSOLIDATED INCOME STATEMENTS
for the year ended 31 December 2006

(The figures have not been audited)	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000 (Restated)
Revenue	3,243,182	2,867,288	11,519,767	10,687,950
Operating expenses	(3,097,230)	(2,725,591)	(10,972,540)	(10,192,959)
Other operating income	12,154	8,432	36,433	21,787
Profit from operations	158,106	150,129	583,660	516,778
Net profit/(loss) from investing activities	19,504	(5,650)	149,334	59,681
Share of associated companies' profits less losses	51,739	17,697	139,476	47,069
Share of joint ventures' profits less losses	(84)	756	311	482
Finance costs	(9,931)	(4,507)	(32,716)	(15,509)
Profit before taxation	219,334	158,425	840,065	608,501
Taxation	(34,886)	(33,725)	(145,815)	(140,266)
Profit for the period	184,448	124,700	694,250	468,235
Attributable to :				
Shareholders of the Company	153,166	108,075	560,665	394,579
Minority interests	31,282	16,625	133,585	73,656
Profit for the period	184,448	124,700	694,250	468,235
Basic earnings per share (sen)	12.92	9.12	47.29	33.28

(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-Dec-06 RM'000	As at 31-Dec-05 RM'000 (Restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,929,827	1,771,877
Investment properties	209,766	221,823
Biological assets	921,038	783,066
Goodwill on consolidation	33,316	32,413
Intangible assets	3,254	3,501
Land held for property development	437	437
Investment in associated companies	738,480	633,826
Interests in joint ventures	39,050	40,151
Other investments	388,775	413,442
Deferred tax assets	7,098	9,827
	4,271,041	3,910,363
Current Assets		
Inventories	956,951	899,209
Biological assets	48,562	37,976
Intangible assets	9,221	10,701
Property development costs	52,614	43,696
Receivables	1,187,748	714,529
Cash, bank balances and deposits	762,712	752,839
	3,017,808	2,458,950
Non-current assets held for sale	73	-
	3,017,881	2,458,950
Total assets	7,288,922	6,369,313
EQUITY AND LIABILITIES		
Equity		
Share capital	1,185,500	1,185,500
Reserves	3,459,184	3,029,653
Equity attributable to shareholders of the Company	4,644,684	4,215,153
Minority interests	886,641	803,656
Total equity	5,531,325	5,018,809
Non-current Liabilities		
Long term borrowings	334,176	149,438
Negative goodwill	-	23,535
Deferred tax liabilities	302,535	308,567
	636,711	481,540
Current Liabilities		
Payables	720,578	478,875
Short term borrowings	356,665	367,081
Taxation	43,643	23,008
	1,120,886	868,964
Total liabilities	1,757,597	1,350,504
Total equity and liabilities	7,288,922	6,369,313
Net assets per share attributable to shareholders of the Company (RM)	3.92	3.56
Net assets per share (RM)	4.67	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.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

	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
			Non-distributable			Distributable			
12 months ended 31 December 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	-	-	-	-	-	48,312	**48,312**	444	**48,756**
At 1 January 2006 (restated)	1,185,500	6,715	162,180	(15,590)	162,910	2,761,750	**4,263,465**	804,100	**5,067,565**
Net gains/(losses) recognised directly to equity	-	-	820	(20,422)	11,766	(898)	(8,734)	1,930	(6,804)
Profit for the year	-	-	-	-	-	560,665	**560,665**	133,585	**694,250**
Total recognised income and expenses for the year	-	-	820	(20,422)	11,766	559,767	**551,931**	135,515	**687,446**
Transfer of reserves	-	-	(2,460)	2,111	1,179	(830)	**-**	-	**-**
Acquisition of new subsidiaries and additional shares in existing subsidiaries	-	-	-	-	-	-	**-**	(4,463)	**(4,463)**
Capital reduction by a subsidiary	-	-	-	-	-	-	-	(2,030)	**(2,030)**
Dividends	-	-	-	-	-	(170,712)	**(170,712)**	(46,481)	**(217,193)**
At 31 December 2006	1,185,500	6,715	160,540	(33,901)	175,855	3,149,975	**4,644,684**	886,641	**5,531,325**
12 months ended 31 December 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	-	-	-	(16,195)	10,033	(1,010)	**(7,172)**	(5,938)	**(13,110)**
Profit for the year	-	-	-	-	-	394,579	**394,579**	73,656	**468,235**
Total recognised income and expenses for the year	-	-	-	(16,195)	10,033	393,569	**387,407**	67,718	**455,125**
Transfer of reserves	-	-	(2,494)	(30,419)	595	32,318	**-**	-	**-**
Bonus issue	592,750	(520,000)	-	-	-	(72,750)	-	-	-
Bonus issue expenses	-	(159)	-	-	-	-	**(159)**	-	**(159)**
Shares issued to minority interest	-	-	-	-	-	-	**-**	4,644	**4,644**
Acquisition of new and additional shares in existing subsidiaries	-	-	-	-	-	-	-	(13,254)	**(13,254)**
Disposal and liquidation of subsidiaries	-	-	-	-	-	-	-	647	647
Dividends	-	-	-	-	-	(132,183)	**(132,183)**	(35,494)	**(167,677)**
At 31 December 2005	1,185,500	6,715	162,180	(15,590)	162,910	2,713,438	**4,215,153**	803,656	**5,018,809**

(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 STATEMENTS
for the financial year ended 31 December 2006

	12 months ended 31 December 2006 RM'000	2005 RM'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	840,065	608,501
Adjustments :-		
Non-cash items	(76,832)	108,128
Non-operating items	(24,020)	(26,515)
Operating profit before working capital changes	739,213	690,114
Working capital changes		
Net change in current assets	(560,073)	134,261
Net change in current liabilities	240,080	(94,397)
Cash generated from operations	419,220	729,978
Tax paid	(129,000)	(137,244)
Net cash generated from operating activities	**290,220**	**592,734**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(461,652)	(320,536)
Proceeds from disposal of property, plant and equipment	7,092	16,533
Purchase of investments	(16,747)	(14,776)
Proceeds from sale of investments	163,515	63,874
Repayment from/(advances to) associated companies and joint ventures	11,666	(18,353)
Dividends received from investments	44,854	43,499
Interest received	26,874	17,229
Other investing activities	2,117	(826)
Net cash used in investing activities	**(222,281)**	**(213,356)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	-	4,644
Bank borrowings	190,998	20,290
Interest paid	(31,817)	(18,295)
Dividends paid	(217,193)	(167,677)
Loan from associated companies and joint ventures	11,117	220
Other financing activities	(2,030)	(159)
Net cash used in financing activities	**(48,925)**	**(160,977)**
Net increase in cash and cash equivalents	**19,014**	218,401
Cash and cash equivalents at 1 January	735,827	519,858
Effect of exchange rate changes	(3,860)	(2,432)
Cash and cash equivalents at 31 December	**750,981**	**735,827**

(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 127	Consolidated and Separate Financial Statements
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	FRS 128	Investments in Associates
FRS 101	Presentation of Financial Statements	FRS 131	Interests in Joint Ventures
FRS 102	Inventories	FRS 132	Financial Instruments: Disclosure and Presentation
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	FRS 133	Earnings Per Share
FRS 110	Events after the Balance Sheet Date	FRS 136	Impairment of Assets
FRS 116	Property, Plant and Equipment	FRS 138	Intangible Assets
FRS 121	The Effects of Changes in Foreign Exchange Rates	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 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 and 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 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	25,221	659,047
Retained profit brought forward	2,713,438	48,312	2,761,750
Minority interests	803,656	444	804,100
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 RM219,000 for the year ended 31 December 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 opposed 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 companies' results is now reported net of tax as a single line item above the Group profit before taxation.

The revised FRS 101 has also given 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	66,982	(19,913)	47,069
Share of joint ventures' profits less losses	710	(228)	482
Profit before taxation	628,642	(20,141)	608,501
Taxation	160,407	(20,141)	140,266
Balance Sheets			
Property, plant and equipment	2,780,267	(1,008,390)	1,771,877
Investment properties	-	221,823	221,823
Biological assets (Long term)	-	783,066	783,066
Intangible assets (Long term)	-	3,501	3,501
Inventories	947,886	(48,677)	899,209
Biological assets (Current)	-	37,976	37,976
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

	Individual Quarter 3 months ended 31-Dec-2006 RM'000	Cumulative Quarter 12 months ended 31-Dec-2006 RM'000
Dividends paid on ordinary shares		
2005 : Final dividend - 15 sen less tax	-	128,034
2006 : Interim - 5 sen less tax	-	42,678
	-	170,712

A8. Segmental reporting

Segmental information in respect of the Group's business segments for the year ended 31 December 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	899,981	876,336	8,722,475	131,035	50,844	116,649
Inter-segment sales	-	62,967	112,587	545,355	11,069	18,951
Total revenue	899,981	939,303	8,835,062	676,390	61,913	135,600
RESULT						
Segment operating results	84,614	109,630	148,633	202,753	(4,379)	10,303
Unallocated corporate expenses						
Profit from operations						
Investing activities						
Finance costs						
Share of associated companies' profits less losses	1,524	6,654	108,458	1,446	-	-
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) 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. The liquidation is still in progress.

(b) On 1 December 2006, Aktif Kukuh Sdn Bhd, a wholly-owned subsidiary company of PPB Oil Palms Berhad ("PPBOP"), was placed under Member's Voluntary Winding-up. The liquidation is in progress.

(c) On 31 October 2006, CQ Technology Limited ("CQT"), an indirect wholly-owned subsidiary of PPB, has been struck off pursuant to Section 99 (5) and (6) of the International Business Companies Act (CAP. 291) of the British Virgin Islands. Arising therefrom, CQT has ceased to be an indirect subsidiary of PPB.

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

Under the terms of the JVA, Mantap Aman shall acquire and subscribe for a total of 25,500 shares for cash with a total nominal value of Rp25,500,000,000 (equivalent to approximately RM10.2 million), representing 51% of the equity interest in P.T. Pundi Kencana. Arising thereform, Pundi Kencana has become an indirect subsidiary of PPB.

Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Chemicals trading and manufacturing	Other operations	Elimination	Consolidated
102,220	124,813	52,288	102,671	340,455	-	11,519,767
857	-	1,200	790	39,226	(793,002)	-
103,077	124,813	53,488	103,461	379,681	(793,002)	11,519,767
3,117	18,885	13,855	3,574	7,609	1,623	600,217
						(16,557)
						583,660
						149,334
						(32,716)
3,089	908	3,820	(811)	14,388	-	139,476
311	-	-	-	-	-	311
						840,065

(e) 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 ("Proposed Acquisition"). The approval for the Proposed Acquisition was obtained from the Foreign Investment Committee on 29 January 2007 without any conditions and completion is expected to take place on 28 February 2007.

(f) On 30 November 2006, Minsec Properties Berhad, a wholly-owned subsidiary of PPB placed its wholly-owned subsidiary, Minsec Management Services Company Limited, Hong Kong ("MMS") under Members' Voluntary Winding-up pursuant to Section 116B of the Companies Ordinance (Chapter 32), Hong Kong. Arising therefrom, MMS will cease to be an indirect subsidiary of PPB.

(g) On 21 December 2006, PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB acquired the entire issued and paid-up share capital of RM2.00 in Jubilant Chain Sdn Bhd ("Jubilant Chain") comprising 2 ordinary shares of RM1.00 each, for a total cash consideration of RM1,700/-. The principal activity of Jubilant Chain will be the provision of information technology. Arising therefrom, Jubilant Chain has become an indirect subsidiary of PPB.

(h) On 22 December 2006, FFM Berhad, a wholly-owned subsidiary of PPB, applied to the Accounting and Corporate Requlatory Authority of Singapore to strike-off the name of its wholly-owned subsidiary, Tucson Pte Ltd, Singapore ("Tucson") from its register pursuant to Section 344 of the Companies Act, Cap. 50. Arising therefrom, Tucson has ceased to be an indirect subsidiary of PPB.

(i) On 29 December 2006, Leisure Bowl Holdings Sdn Bhd ("LBH"), a wholly-owned subsidiary of PPB, has been placed under Members' Voluntary Winding-up. Arising therefrom, LBH will ceased to be an indirect subsidiary of PPB.

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 December 2006 were reduced from RM23.60 million to RM4.55 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 of RM11.5 billion for the year ended 31 December 2006 was 8% higher compared with RM10.7 billion in 2005. The increase was mainly due to higher refined palm product prices realised and higher sales of edible oils.

Group profit before tax of RM840 million was 38% higher compared with RM609 million last year. The grains trading, flour and feed milling division recorded higher profits mainly due to increased sales. 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 recorded lower profits due to the higher raw sugar prices in the first half of 2006.

The associated company engaged in commodity trading achieved higher profits due to favourable market conditions and the gain from the disposal of an associated company engaged in utilities also contributed to the increase in profits for current year.

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 RM219 million was 11% lower compared with RM247 million for the preceding quarter. This was mainly due to lower profits generated by the sugar refining and edible oils refining divisions.

However, the oil palm plantations division managed to achieve higher profits in the current quarter due to higher crop production and better CPO prices realised. The associated company engaged in commodity trading also achieved higher profits in the quarter under review compared to the preceding quarter.

B3. Prospects for current financial year

For the current financial year, the sugar refining division is expected to improve its performance. The Group's grains trading, flour and feed milling and other divisions are expected to perform satisfactorily in the coming year. Contributions from the oil palm plantations division are expected to be favourable with higher projected crop production assuming the CPO prices stay at current levels.

The Group has received offers from Wilmar International Limited, Singapore (formerly known as Ezyhealth Asia Pacific Ltd) ("Wilmar") to acquire its interests in PPBOP, PGEO Group Sdn Bhd ("PGEO") and Kuok Oils & Grains Pte Ltd ("KOG") in exchange for Wilmar shares (further details are as disclosed in B8 - 2 of this report).

Depending on the outcome of the above corporate proposals, the Group's business composition would change and the profit contributions to the Group would reflect the changes accordingly. The effects of the said proposals will be disclosed in the Circular to Shareholders to be issued.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	Individual Quarter 3 months ended 31-Dec-2006 RM'000	Cumulative Quarter 12 months ended 31-Dec-2006 RM'000
Malaysian taxation based on profit for the period:-		
Current	44,546	145,569
Deferred	(10,659)	(3,201)
	33,887	142,368
Foreign taxation		
Current	(43)	2,972
Deferred	3,159	2,544
	37,003	147,884
(Over)/under provision		
Current	(2,050)	(332)
Deferred	(67)	(1,737)
	34,886	145,815

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 investments amounting RM10.8 million and a loss on sale of properties amounting to RM1.1 million for the current financial year-to-date.

B7. Quoted securities

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

	Individual Quarter 3 months ended 31-Dec-2006 RM'000	Cumulative Quarter 12 months ended 31-Dec-2006 RM'000
Total purchases	-	5,390
Total proceeds from disposals	5,814	21,320
Profit on disposal	599	2,493

(b) Total investments in quoted securities as at 31 December 2006 is as follows:-

	RM'000
At cost	388,649
At book value	386,426
At market value	804,342

B8. Status of corporate proposals

1. 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 and Gula Padang Terap Plantations Sdn Bhd were completed on 15 November 2006 and 12 February 2007 respectively.

2. On 14 December 2006, PPB received a conditional offer letter from Wilmar, a company listed on the Singapore Exchange Securities Limited to its wholly-owned subsidiary, FFM, stating its intention to acquire the following from FFM:-

   (i) 65.8% equity interest in PGEO for a total consideration of 287,122,772 ordinary shares in Wilmar ("Wilmar Shares") ("PGEO Offer"); and

   (ii) 17.1% direct and 10.9% indirect (held through its wholly-owned subsidiary, Buxton Limited) equity interests in KOG for a total consideration of 305,635,556 Wilmar Shares ("KOG Offer")

On the same day, PPB's subsidiary, PPBOP, had also received a Notice of Conditional Voluntary Offer from Wilmar, informing PPBOP of Wilmar's intention to undertake a conditional voluntary take-over offer pursuant to the Malaysian Code on Take-overs and Mergers 1998 for all the voting shares in PPBOP not owned by Wilmar ("PPBOP Offer").

PPB holds 54.5% direct and 1.1% indirect (held through its wholly-owned subsidiaries) equity interest in PPBOP. The total consideration due to PPB pursuant to the PPBOP Offer on the basis of 2.3 Wilmar Shares for each ordinary share of RM1.00 each in PPBOP is 569,489,427 Wilmar Shares.

The PGEO Offer, KOG Offer and PPBOP Offer shall collectively be referred to as "the Proposed Disposals".

PPB's Board of Directors ("Board") had on 24 January 2007 approved the Proposed Disposals and had agreed to present the Proposed Disposals to the shareholders of PPB at an extraordinary general meeting for their consideration and approval.

The Board had also agreed for FFM to negotiate the terms of the formal agreements with Wilmar in relation to the Proposed Disposals.

B9. Group borrowings

Total Group borrowings as at 31 December 2006 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	61,498	-	61,498
Long term bank loans (USD)	256,082	-	256,082
Long term bank loans (CNY)	20,356	-	20,356
Hire purchase liabilities	175	175	-
Repayments due within the next 12 months	(3,935)	(154)	(3,781)
	334,176	21	334,155
Short term bank borrowings			
Bills payable	132,802	-	132,802
Short term loans	57,600	-	57,600
Short term loans (USD)	159,916	-	159,916
Current portion of long term loans	3,781	-	3,781
Hire purchase liabilities	154	154	-
	354,253	154	354,099
Bank overdrafts	2,412	1,037	1,375
	356,665	1,191	355,474

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 21 February 2007, the Group has hedged outstanding foreign currency contracts of USD374 million equivalent to RM1.3 billion. These contracts are short term in nature 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 21 February 2007, the Group's outstanding CPO futures contracts that were entered into as hedges on sales and purchases amounted to RM36.6 million in notional value. These outstanding contracts are due to mature within the next nine months.

B11. Material litigation

As previously reported, approximately 2,176.5 hectares of a piece of land alienated to Suburmas Plantations Sdn Bhd ("Suburmas"), a 70% owned subsidiary of PPB Oil Palms Berhad, was compulsorily acquired by the Sarawak State Government on 30 June 1999. At the land inquiry before the Superintendent of Lands and Surveys, Suburmas claimed a compensation of RM77.30 million, based on a valuation of the affected property carried out on 12 March 1999 by Messrs CH Williams, Talhar, Wong & Yeo Sdn Bhd ("Valuer"). Suburmas has accepted the net compensation of RM16.54 million under protest and had applied to the Department of Lands And Surveys in Bintulu, Sarawak to refer the matter to the High Court of Sabah and Sarawak ("the Court").

In the land reference matter before the Court in Bintulu, Suburmas has made a claim for compensation of RM55.85 million based on a new valuation of the affected property carried out on 5 December 2005 by the Valuer. The Court has fixed the trial hearing on 18 May 2007.

B12. Dividend

The Board of Directors is pleased to recommend a final dividend for the financial year ended 31 December 2006 of 15 sen per share less 27% income tax (2005 : 15 sen per share less 28% income tax) payable on Thursday, 7 June 2007 subject to the approval of shareholders at the 38th Annual General Meeting to be held on Friday, 18 May 2007.

Together with the interim dividend of 5 sen per share less 28% income tax paid on 28 September 2006, the total dividend paid and payable to-date for the financial year ended 31 December 2006 is 5 sen per share less 28% income tax and 15 sen per share less 27% income tax (2005 : 20 sen per share less 28% income tax).

Dividend payment/entitlement date

Notice is hereby given that the final dividend will be payable on Thursday, 7 June 2007 to shareholders whose names appear in the Record of Depositors at the close of business on Thursday, 24 May 2007.

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

(i) Shares transferred into the Depositor's securities account before 4.00 pm on Thursday, 24 May 2007 in respect of ordinary transfers, and

(ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

Dividends Paid/Payable

Dividends paid 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
2006	Final dividend	15 sen less 27% income tax	7 June 2007

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
27 February 2007

By Order of the Board
Tan Teong Boon
Company Secretary