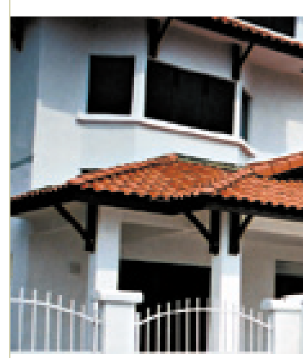
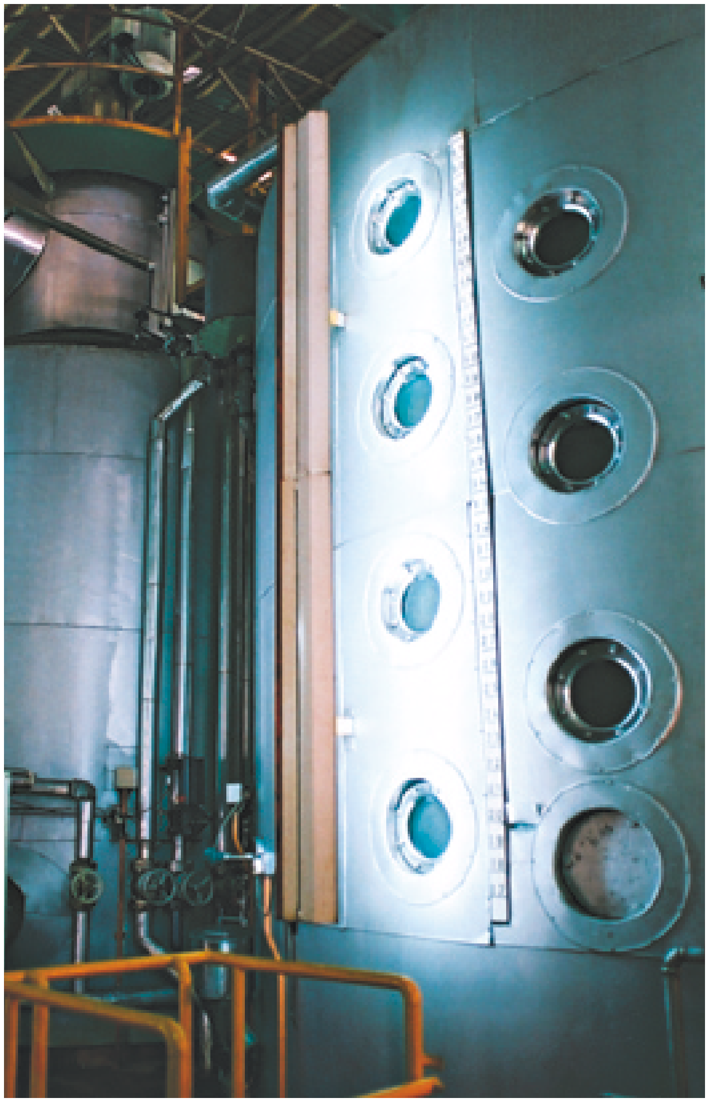
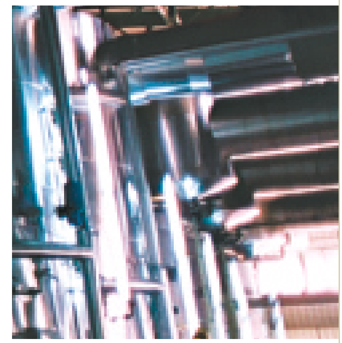
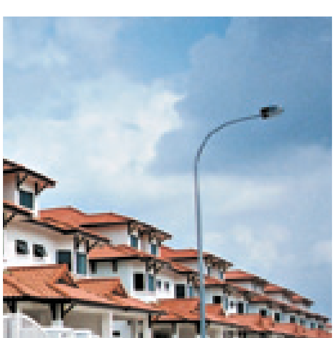
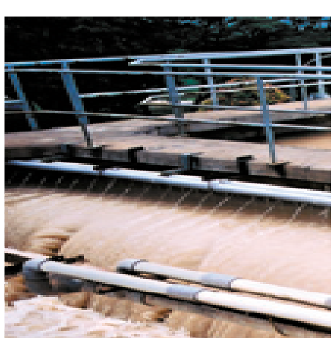
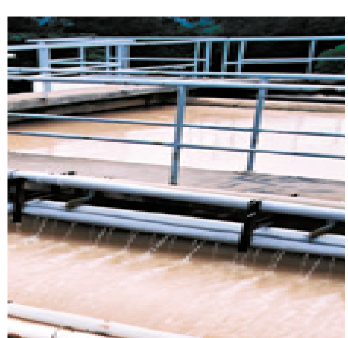



THE BUSINESS

BUSINESS OPERATIONS

MSM

SUGAR REFINING & CANE PLANTATION

The Group's sugar refining operations are undertaken by its wholly-owned subsidiary, Malayan Sugar Manufacturing Company Berhad (MSM) and 50% associate, Kilang Gula Felda Perlis Sdn Bhd (KGFP).

MSM's sugar refinery at Prai, Province Wellesley started operations in 1964 and has become the region's largest sugar refinery with a melting capacity of 2,000 tonnes of raw sugar per day. The refinery produces various types of sugar for the industrial and household consumers. Its customers consist of major food and beverage industries, confectionaries, hotels, restaurants, food outlets and household consumers. Today, MSM has established a strong reputation for its product quality and consistency.

MSM together with KGFP supply approximately 60% of the domestic sugar requirements.

MSM's refining operation is highly mechanised and automated

Raw sugar discharged at MSM's jetty

MSM's office at Prai

REVIEW OF OPERATIONS

Sugar operations registered a lower profit of RM143.3 million for year 2004 (2003 : RM156.0 million) due to higher raw material prices and ocean freight rates.

MSM's domestic sugar sales increased by 4.3% for year 2004 whilst sugar exports reduced from 130.6 mt to 107.1 mt due to lower sales to Indonesia and Singapore. MSM's domestic sales are dependent on population growth and rising disposal income of consumers.

In its continuous efforts to improve efficiency of its operations, MSM spent a total of RM18.3 million during the year for the conversion of its existing steam boilers to operate on natural gas, acquisition of railway containers and packaging machines as well as the upgrading of its existing plant and machinery.

PPB's 4,350-hectare sugar cane plantation at Chuping, Perlis which supplies cane to KGFP, harvested 305,129 mt of cane in the 2003/2004 season compared with 310,628 mt of cane in the previous season to contribute about RM10.7 million to the Group.

LOOKING AHEAD

Sugar refining operations expect profits for 2005 to be trimmed with lower refining margins arising from high raw sugar prices and ocean freight rates.

FFM

GRAINS TRADING, FLOUR & FEED MILLING

PPB Group's grains trading, flour and feed milling activities are held under FFM Berhad (FFM), a wholly-owned subsidiary of PPB.

FFM Group is one of the largest flour millers in Malaysia supplying more than 40% of the country's wheat flour requirements. FFM's milling complexes are strategically located at South Port, Port Klang; Pasir Gudang, Johor Bahru; Pulau Indah, Port Klang; Kuching, Sarawak; My Xuan, Vietnam and Samutprakarn, Thailand with a total milling capacity of 2,680 mt per day.

FFM is also one of the biggest feed millers in Malaysia, operating five feed mills in Peninsular and East Malaysia with a total capacity of 125 mt per hour.


Bag flour palletising system at Pulau Indah


Purifier at FFM's state-of-the-art milling complex


Specialty flour for all baking purposes

REVIEW OF OPERATIONS

Faced with a challenging year of rising wheat prices and higher ocean freight rates, the Group's grains trading, flour and feed milling division achieved a profit of RM42.7 million (2003 : RM89.3 million).

However, domestic flour sales for year 2004 rose by 6% compared with the previous year mainly due to the contribution from FFM's mill in Sarawak which was in to its second year of operations.

In June 2004, FFM through its wholly-owned subsidiary, Buxton Limited, acquired a 43.35% equity interest in Kerry Flour Mills Ltd (formerly known as Kerry Glory Flour Mills Co. Ltd), a company incorporated in Thailand. Kerry Flour Mills owns and operates a 250 mt/day flour mill and 14 silos with a storage capacity of 24,000 mt in Samutprakarn, Thailand.

FFM's feed sales for 2004 encountered a drop of about 19% compared with 2003. Feed sales which are largely dependent on the local poultry industry was badly affected in 2004 by the outbreak of the Avian influenza in the surrounding countries. The situation was further aggravated when the state of Kelantan detected the outbreak in August 2004. The higher production cost of feed milling operations also impacted profit margins.

LOOKING AHEAD

FFM Group's second flour mill with a daily wheat milling capacity of 500 mt located at Pulau Indah, Port Klang is scheduled for completion in mid-2005. This new flour mill will be integrated with the existing flour mill also at Pulau Indah by the 4th quarter of 2005 and these mills would replace FFM's existing production facility at South Port, Port Klang.

FFM's sixth feed mill located at Pulau Indah, Port Klang will commence operations in April 2005.

BUSINESS OPERATIONS

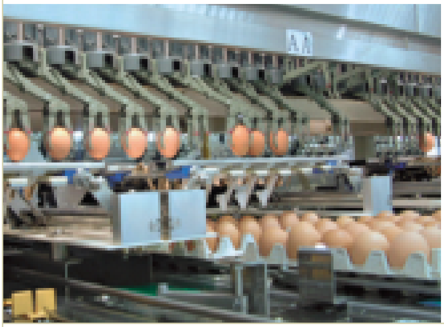
FFM FARMS

LIVESTOCK FARMING

Livestock farming activity is undertaken by FFM Farms Sdn Bhd (FFM Farms), a wholly-owned subsidiary of FFM Berhad.

FFM Farms owns and operates two broiler breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah covering a total area of 167 hectares with a total monthly production capacity of 3.0 million broiler day-old-chicks.

Its layer farm located on a 550-acre land at Trong, Perak has a monthly production capacity of 20.0 million eggs and produces organic fertilizer from fully composted poultry manure.



Eggs collected are graded daily, using automatic egg graders

Layer hens in climate-controlled housing, with automatic feeding and egg collection system

Eggs ready for delivery in well ventilated warehouse

REVIEW OF OPERATIONS

For year 2004, the Group's livestock farming operation contributed a lower profit of RM2.55 million due to higher feed costs.

However, a higher revenue of 11% above that of the previous year was achieved due to more day-old-chicks sales and table eggs produced.

The expansion of its breeder farm in Gurun, Kedah increased production capacity of day-old-chicks by 30% to 3 million broiler day-old-chicks per month in year 2004 compared to previous year.

LOOKING AHEAD

More new broiler breeder farms are coming into the industry which will lead to an increased supply of broiler chicks. The oversupply of eggs in the market is expected to continue as producers normalize and/or expand their capacity. To stay competitive, FFM Farms is focusing on marketing aggressively its branded table eggs known as "Seri Murni" and producing quality day-old-chicks.

PGEO

EDIBLE OILS REFINING AND TRADING

PPB Group's edible oils refining operations are held through its 100% subsidiary, PGEO Group Sdn Bhd (PGEO Group).

PGEO Group including its associate, owns and operates six refineries in Peninsular and East Malaysia. Annually, PGEO Group refines close to 4.0 million mt of edible oils and about 90% is exported overseas to India, China, EU countries, Middle East, Pakistan and Russia whilst the balance is sold locally.

PGEO has also integrated downstream into the production of shortening, hydrogenated products, cocoa butter replacers as well as retail packaging. The majority of these products are exported whilst the cooking oils packed under various brands such as "Neptune" and "Seri Murni" as well as "Blue Team" shortening are marketed locally by FFM Marketing Sdn Bhd, a wholly-owned subsidiary of FFM Berhad.

Hydrogenation plant at Pasir Gudang

Texturising fats filling line

PGEO, Oils Division

REVIEW OF OPERATIONS

The Group's edible oils refining and trading operations performed significantly better for 2004 contributing an operating profit of RM115.02 million, up 29.5% from the previous year (2003 : RM88.85 million) due to favorable market conditions for palm oil products and consistent performance from its downstream activities particularly, the specialty fats operations. Revenue contribution from this division improved by 21% to RM8.503 billion compared to RM7.020 billion in the previous year attributed by higher sales volume and sale prices of refined edible oils.

PGEO Group refineries achieved a total production of 3.9 million mt of refined edible oils in 2004, representing a growth of 8.3% over the previous year due to higher Crude Palm Oil (CPO) production throughout the year because of better weather conditions.

In its aim to improve efficiency and to cater for future needs, PGEO Group implemented several expansion projects. In the first quarter of 2004, the construction of 12,000 mt of soybean silos at Pasir Gudang was completed followed by the construction of an additional fractionation plant for the production of specialty fats. The fractionation plant commenced production in January 2005.

PGEO Group undertook the conversion of Medium Fuel Oil to Natural Gas to generate steam and this was completed in August 2004. The joint venture with Volac Ltd for the manufacturing of calcium salts for feed ingredients at Pasir Gudang commenced operation in October 2004 establishing a new related business activity for the Group.

To further reinforce PGEO Group's global market position, PGEO Group has jointly ventured with KOG Investment Pte Ltd to invest in KOG Edible Oils BV, Rotterdam which will construct and operate an edible oils and fats processing facility in Rotterdam, Netherlands. The edible oils refinery and fractionation plant with a processing capacity of about 300,000 mt per annum is expected to commence operation in June 2005.

In November 2004, PGEO Group acquired an industrial land at Sandakan for the future expansion of its edible oils operations.

LOOKING AHEAD

With rapid market changes, PGEO Group is fully aware of the importance of technology advancement and capacity expansion, which are capable of strengthening the Group's overall performance and competitiveness in the market. PGEO Group has therefore proposed a number of projects to be carried out in the near future. Amongst them, are the construction of an additional hydrogenation plant for production of hydrogenated products at Pasir Gudang and the upgrading of a palm kernel crushing plant at Sandakan to provide for future demand and production needs. In addition, PGEO Group is undertaking the Renewable Energy Project by constructing a Biomas Fired Steam Generator Plant for energy generation at Sandakan.

With a well planned expansion strategy, the Group is confident of laying a stable and progressive route to further excel in the related industry.

BUSINESS OPERATIONS


Tego, a producer of polypropylene and polyethylene packaging products

PGEO TEGO

PACKAGING

The Group's Packaging Division is held through FFM's wholly-owned subsidiary, PGEO Edible Oils Sdn Bhd (PGEO) and 79.9% subsidiary, Tego Sdn Bhd (Tego).

PGEO operates a consumer packing plant in Pasir Gudang, Johor for packing of edible oils into tin cans, PET bottles, HDPE containers (Jerry can) and BIB (Bag in Box). Most of these packed products are for export whilst some brand names such as "Neptune" and "Seri Murni" are distributed locally. Its two drum assembly lines produce 210-litre steel drums at a combined production capacity of 800 drums per hour.

Tego manufactures polybags for sugar, flour and industrial chemical products as well as container bags for bulk cargoes. Tego has two factories located in Senawang, Negeri Sembilan and another in Yangon, Myanmar.

Multi-coloured technical fabrics for export

Drum manufacturing facility at PGEO, Pasir Gudang

REVIEW OF OPERATIONS

Packaging Division achieved lower profits for year 2004 of RM9.4 million (2003 : RM12.8 million) against a 7.9% increase in revenue of RM125.5 million.

Sales for PGEO's steel drums declined by 16% in year 2004 compared to year 2003 due to the high drum prices resulting from higher international steel prices. Profit margins were also curtailed because of the higher cost of production. However, the edible oils packaging operations recorded a 7% increase in sales from the higher demand of edible oils in the global market.

For the year under review, Tego Group achieved a consolidated pre-tax profit of RM2.01 million (2003 : RM1.59 million) on a higher revenue of RM66.8 million (2003 : RM60.92 million) mainly due to higher export sales of technical fabrics to Australia.

LOOKING AHEAD

As the packaging industry is highly price sensitive, the high steel prices may encourage users to seek cheaper alternative packaging. Thus, the sales of steel drums are expected to be slow and margins to be squeezed. However, the edible oils packaging business is expected to be consistent in view of the stable demand for edible oils.

Tego will continue to enhance its products particularly in its technical fabrics, amongst them, the multifilament, circular hybrid and multifilament flat fabrics.

Steel coil storage

BUSINESS OPERATIONS

PPBOP

OIL PALM PLANTATIONS

Oil palm plantations operation is one of the core businesses of the Group and is held through its 55.6% - listed subsidiary, PPB Oil Palms Berhad (PPBOP). PPBOP has a planted area of 61,050 ha in East Malaysia, of which 53,829 ha are mature, and seven crude palm oil (CPO) mills. In Indonesia, PPBOP has 7,948 ha of mature oil palms out of 18,061 planted hectares and one CPO mill.

	Total Area (ha)	Planted Area (ha)		Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM Million)	
		2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Sabah	51,135	39,195	37,761	31,170	32,729	658,513	704,365	21.1	21.5	100.2	131.8
Sarawak	28,882	22,746	23,289	19,878	21,100	394,564	439,486	19.8	20.8	59.8	88.2
East Malaysia	80,017	61,941	61,050	51,048	53,829	1,053,077	1,143,851	20.6	21.2	160.0	220.0
Indonesia	113,904	12,715	18,061	6,094	7,948	97,204	124,550	16.0	15.7	10.8	6.9
Total	193,921	74,656	79,111	57,142	61,777	1,150,281	1,268,401	20.1	20.5	170.8	226.9

Preparing seedlings for field planting

Weeding operations in progress

PPBOP's regional office at Sandakan

REVIEW OF OPERATIONS

PPBOP recorded a 31% increase in revenue for the year to RM588 million compared to RM449 million in 2003, due largely to a further improvement in palm product prices and higher production in 2004. Profit after tax attributable to shareholders amounted to RM186.9 million, and net earnings per share rose from 30.49 sen to 41.95 sen.

CPO prices averaged RM1,610 per tonne in 2004, 11% higher than the previous year's average price of RM1,456 per tonne.

PPBOP's planted area increased by 6% to 79,111 hectares during the year while the mature area grew by 8% to 61,777 hectares. Production of fresh fruit bunches (FFB) improved by 10% to 1,268,401 tonnes, while the average yield per hectare increased marginally to 20.5 tonnes, due to lower productivity from the newly mature and young mature areas arising from the expansion of planted areas. The average yield is expected to improve as more mature palms reach their prime production age.

The eight CPO mills processed some 1,557,400 tonnes of FFB from its own plantations and outside suppliers, an increase of 18% over 2003. Mill performance continued to be good during the year with oil extraction rate (OER) of 21.7%, while the kernel extraction rate (KER) was at 4.5%, both marginally down from 2003. CPO output from the mills rose by 17% to 338,409 tonnes, mainly due to higher own FFB production and outside FFB purchases.

During the year under review, PPBOP expanded its land bank by 50,322 ha to 193,921 ha with the acquisition of three Indonesian companies holding Izin Lokasi's in Central Kalimantan. In early 2005, PPBOP acquired a further 16,867 ha of land for oil palm cultivation in Central Kalimantan. The latest acquisition brings PPBOP's total land bank to 210,788 ha.

LOOKING AHEAD

PPBOP's eighth CPO mill was commissioned in Sarawak during the year and another mill in Sabah is scheduled to commence production in the first half of 2005. The commissioning of the ninth mill will provide the PPBOP Group with a total milling capacity of 2.0 million tonnes of FFB per annum.

FFB production is expected to increase further, as new areas come into maturity and more mature areas reach their prime. Mill extraction rates are expected to be maintained at favourable levels and CPO output is expected to increase further with higher expected own FFB production, and outside FFB purchases.

The Group will focus on the successful development of its sizeable Indonesian land bank and continue to explore opportunities to further improve its operations in East Malaysia and Indonesia.

CWM

ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT & UTILITIES

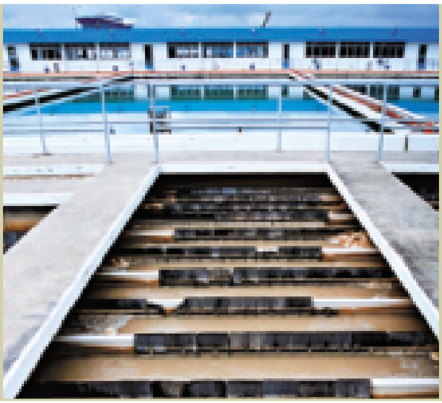
The environmental engineering, waste management and utilities operations are mainly undertaken by Chemical Waste Management Sdn Bhd (CWM), a 99% subsidiary of Chemquest Sdn Bhd (Chemquest). CWM is a leading service provider for water resource engineering, wastewater treatment and solid waste management.

Chemquest Overseas Limited, a wholly-owned subsidiary of Chemquest, is the investment vehicle for Chemquest Group's overseas projects including the RMB201 million Lugouqiao Sewage Treatment Plant (Phase 1) in Beijing, China and a 30-year concession to process and deliver treated water to the inhabitants of Hohhot, the capital city of Inner Mongolia, China.

Treated water Pumping Station


Settling tank at Semenyih Water Treatment Plant


Semenyih Dam


Flocculation chamber at Semenyih Water Treatment Plant

REVIEW OF OPERATIONS

The environmental engineering, waste management and utilities division achieved lower operating profits of RM1.2 million for year 2004 (2003 : RM2.5 million) mainly due to preliminary expenses incurred for its projects in China under Chemquest Overseas Limited.

Year 2004 was however a good year for CWM. CWM registered a pre-tax profit of RM24.1 million (2003 : RM12.4 million) on the back of a higher revenue of RM123.4 million (2003 : RM110.4 million). The better performance was due to higher contributions from the engineering projects and the solid waste disposal operations of its subsidiary, Sitamas Environmental Systems Sdn Bhd (Sitamas) and increased profits from its associates.

In January 2004, Sitamas became a subsidiary of the Group when CWM increased its equity interest in the company by 29% to 78%. For the year 2004, Sitamas achieved a pre-tax profit of RM3.4 million.

CWM successfully completed 3 projects in the year under review with a combined contract value of RM84.8 million. These projects were the Bayan Baru Sewage Treatment Works; the Wangsa Maju Booster Pumping Station and Ancillary Works; and the construction of a Sludge Treatment Plant at the Sungei Semenyih Water Treatment Plant.

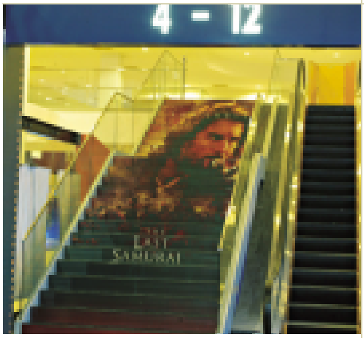
In the same year, CWM managed to secure projects totaling RM28.8 million which are currently in progress namely, the upgrading and rehabilitation of the Desludging System at Sungei Semenyih Water Treatment Plant; mechanical and electrical works for a 27.5 million litre per day water treatment plant at Hulu Terengganu Water Supply Project Phase 1; and the water treatment plant and upgrading and refurbishment of Kg Paloh Water Treatment Plant.

LOOKING AHEAD

CWM will continue to work with strategic partners and participate in open tenders for new projects. CWM will focus on organic growth through pre-identified projects and at the same time, proactively explore acquisition and bidding opportunities both locally and overseas for sustainable growth.

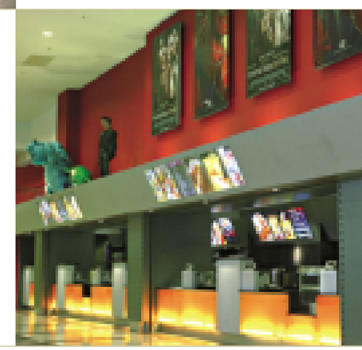
GSC

FILM EXHIBITION & DISTRIBUTION



Golden Screen Cinemas Sdn Bhd (GSC), a 54.2% subsidiary of PPB Group, operates a total of 95 screens in 17 locations throughout the country including the popular 18-screen cineplex at Mid Valley, Kuala Lumpur, the largest in South East Asia. It is also the largest distributor of Chinese and independent English films.

Newly refurbished Gold Class at GSC Mid Valley



GSC's 12-screen cineplex at Gurney Plaza, Penang

REVIEW OF OPERATIONS

For year 2004, GSC recorded a 19% increase in pre-tax profit of RM10.73 million (2003 : RM9.02 million) against a turnover of RM104.24 million (2003 : RM87.75 million). The improved performance is due to the consistent supply of quality films throughout year 2004. Blockbuster films such as "Spiderman 2", "Day After Tommorrow", "Harry Porter & Prisoner of Azkaban", "Van Helsing", "Kungfu Hustle" and local films such as "Pontianak Harum Sundal Malam", "Kuliah Cinta" and "Puteri Gunung Ledang" increased admissions to 11.2 million from 9.6 million last year.

During the year under review, GSC launched its E-Cinema (Electronic Cinema) which is a new extension of its GSC International Screens and is an alternate method of projection using a high-end LCD projector. GSC E-Cinemas at Mid Valley, Kuala Lumpur and Gurney Plaza, Penang are the first in the country. GSC E-Cinema provides an opportunity for local producers and directors to shoot movies in their preferred formats to be shown on big screen.

LOOKING AHEAD

In January 2005, GSC on an equal joint venture with Berjaya Times Square Sdn Bhd, opened its 9-screen cineplex at Berjaya Times Square, Kuala Lumpur. The cineplex with a seating capacity of 1,570 seats is the first in the Klang Valley to provide a 48-seat Premiere Class with an attached lounge for its discerning moviegoers.

GSC is targeting to open its next cineplex of 13 screens at 1-Utama (New Wing) in the 2nd quarter of 2005.

The opening of new cineplexes by GSC reflects its long term commitment to the film industry in Malaysia.

PPBH

PROPERTY INVESTMENT & DEVELOPMENT

PPB's wholly-owned subsidiary, PPB Hartabina Sdn Bhd (PPBH), plays a significant role in the Group's property development especially at its land bank in Taman Segar, Cheras where PPBH has developed residential properties and commercial complexes. PPBH is also engaged in property management and currently owns and manages Cheras LeisureMall, a prime shopping centre in Cheras which enjoys 100% occupancy and Cheras Plaza, a 9-storey office cum commercial building.

Cathay Screen Cinemas Group (CSC Group) in which PPB Group has 66.2% equity interest, owns and leases various ex-cinema properties and commercial buildings throughout the country.


PPBH's semi-detached development at Bukit Segar, Cheras


Newly refurbished Level 2 of Cheras LeisureMall

REVIEW OF OPERATIONS

During the year under review, the Property subsidiaries recorded marginally lower profits at RM27.8 million (2003 : RM29.5 million) against a revenue of RM100.0 million (2003 : RM114.6 million). The lower revenue was mainly due to lower sales of PPBH's Phase II Bukit Segar development compared to Phase I recognized in year 2003. However, the gross profit margin of Phase II is comparatively higher than Phase I which is attributable to the higher selling prices coupled with the release of the Bumiputera lots for sale to the public where the 5% discount was lifted.

PPBH's Phases I and II of the Bukit Segar development consist of 299 units of semi-detached houses, bungalows and bungalow lots in Taman Segar. Phase I and Phase II which were completed and handed over in 2003 and April 2004 respectively, achieved total sales of RM227 million as at 15 March 2005.

In July 2004, PPBH launched 78 units of exclusive apartments known as "Segar Courts" in Taman Segar, Cheras. The construction works for the 14 storey building started in May 2004 and is tentatively scheduled for completion in November 2005.

PPBH refurbished Cheras LeisureMall in 2004 with a brand new look with improved facilities to enable Cheras LeisureMall to sustain a competitive edge over its competitors and to ensure continual rent growth at a total refurbishment cost of RM13.0 million.

During the year under review, Seletar Sdn Bhd, a wholly-owned subsidiary of PPBH, handed over its Phase I development in Taman Sinar Mentari comprising 601 units of single-storey terrace houses, low-cost units and single storey semi-detached houses to the purchasers. Seletar with a total land bank of 344 acres in Bedong, Kedah is expected to provide long term development potential to PPBH.

LOOKING AHEAD

For the current year, PPBH has two up-market projects at hand. One of them is the 38 units of exclusive bungalows located on the remaining 20 acres of land in Bukit Segar, Cheras for which approvals from the relevant authorities are currently awaiting. The other is the residential development on a 29-acre land in Bukit Tengah, Seberang Perai, Penang comprising 48 units bungalows, 24 units semi-detached houses and 12 units shophouses to be launched by end-2005.