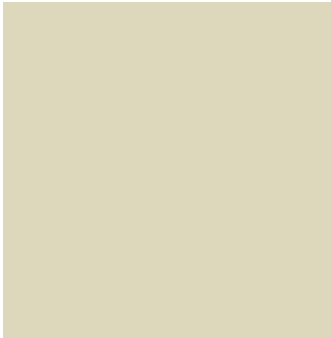


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THE FINANCIALS





Review of Financial Results

PPB Group Bhd achieved a consolidated profit before tax of RM733.5 million in 2004, its best financial performance to-date, representing an increase of 4% from the previous year's Group profit of RM707.4 million.

Revenue for the year grew by 18% from RM9.3 billion to RM11.0 billion in year 2004 mainly due to favourable selling prices of palm oil and its related products, increased crop production, and higher sales volume of edible oils.

At the operating level, the oil palm plantation division contributed higher profits mainly due to favourable prices for its palm products and increased crop production. The edible oils refining and shipping divisions earned higher profits whilst contributions from the sugar refining, grains trading, and flour and feed milling operations were lower due to higher raw material prices and ocean freight rates. The Group's associated company engaged in edible oils trading has contributed lower profits due to difficult trading conditions. All other main business activities achieved satisfactory results.

Profit attributable to shareholders of PPB Group increased by 8% from RM371.3 million to RM400.7 million. Earnings per share was 75.8 sen for 2004, calculated based on the weighted average numbers of shares issued in the year, taking into account the new shares issued pursuant to the privatization of FFM Group Berhad. Earnings per share for 2003 was 75.7 sen.

Cash Flows

Net cash generated from operating activities decreased by 16% from RM527.4 million in 2003 to RM442.8 million in 2004 with more cash being utilized in funding the Group's working capital. The net cash used in investing activities increased from RM137.0 million to RM479.7 million in 2004 mainly due to acquisition of additional shares in FFM Berhad amounting to RM204.3 million. Investment in new associated companies amounted to RM66.0 million whilst RM63.9 million was advanced to associated companies. Proceeds from disposal of other investments yielded RM44.9 million cash for the Group in 2004. Purchases of property, plant and equipment of RM256.4 million were incurred during the year and financed mainly by internal generated funds. The net cash used in financing activities increased slightly from RM140.8 million in 2003 to RM149.5 million.

Dividends

The Directors recommend a final dividend of 10 sen per share comprising 7.5 sen less tax and 2.5 sen tax exempt, amounting to RM46.8 million. Together with the first and second interim dividends paid of 20 sen per share comprising 15 sen less tax and 5 sen tax exempt, PPB's total dividend payment for the financial year 2004 would be 30 sen per share. Total net dividend would amount to RM140.5 million, a 40% increase from the RM100.7 million paid in 2003. The net dividend amount represents a payout ratio of 75% of the Company earnings in 2004.

Review of Financial Situation and Debt

As at 31 December 2004, the Group's borrowings are higher at RM508.0 million compared with RM474.8 million in 2003 out of which 42% amounting to RM215.7 million are bills payable comprising bankers' acceptances used to finance trade operations.

The balance of 58% amounting to RM292.3 million and representing a gearing ratio of 7% over shareholders funds consists of :-

- a. short term loans, revolving credits, overdraft and hire purchase liabilities amounting to RM142.5 million which are repayable within 12 months; and
- b. term loans and hire purchase liabilities totaling RM149.8 million of which majority are repayable between 2 to 5 years.

Most of the Group's borrowings are unsecured on floating interest rates ranging from 1.70% to 7.75% for the year. The Group's exposure to foreign currency borrowings is RM237.1 million of which about 84% is USD denominated.

Group Capital Expenditure in year 2004

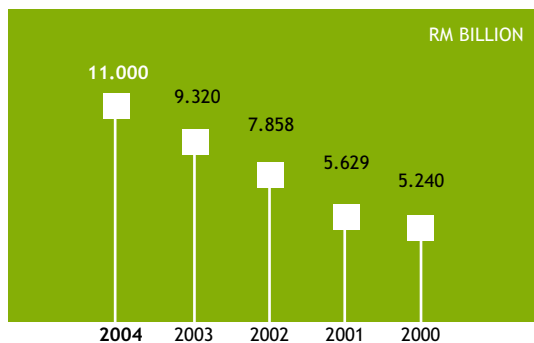
Total capital expenditure incurred during the year amounted to RM251.5 million and the major items are as follows:-

- FFM Group incurred RM22.3 million on the construction and upgrading of flour and feed mill at Pulau Indah in Klang and Prai; RM21.2 million on upgrading of edible oil refineries, dry fractionation plants, consumer pack plant, boiler and storage tank; RM7.4 million on calcium salt plant; RM6.6 million on purchase of land and warehouse in Kota Bahru, Kuching and Sandakan; and RM7.3 million on other plant and machinery.
- PPBOP Group spent RM55.0 million on new planting and maintenance of immature palms; RM20.0 million for the provision of housing, social amenities and recreational facilities for employees; RM29.5 million for the construction and completion of two CPO mills in Sabah and Sarawak; and RM25.0 million for the purchase of motor vehicles, agricultural machinery and implements to speed up mechanisation.
- MSM Group spent RM18.3 million on upgrading of plant and machinery for its sugar refinery at Prai, Province Wellesley.
- PPB Hartabina Sdn Bhd spent RM12.3 million for renovation and refurbishment of Cheras Plaza and Cheras Leisure Mall.
- Chemquest Group spent RM10.5 million for purchase of property, plant and machinery and the construction of a chemical reactor.

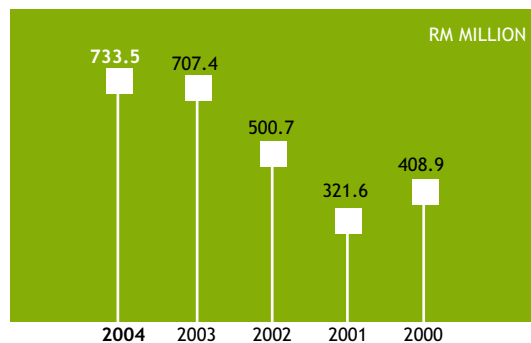
5-YEAR FINANCIAL STATISTICS

Year ended 31 December		2004	2003	2002	2001	2000
Revenue	RM Million	10,999.682	9,319.768	7,857.980	5,629.093	5,240.288
Profit from operations	RM Million	601.970	554.572	377.813	235.119	266.292
Net profit from investing activities	RM Million	81.119	39.666	19.592	15.962	111.053
Share of profits less losses of associated companies	RM Million	65.546	124.644	117.111	84.254	51.181
Profit before taxation	RM Million	733.508	707.360	500.747	321.566	408.855
Net profit for the year	RM Million	400.664	371.253	242.996	170.302	244.482
Net dividend for the year	RM Million	140.482	100.675	210.968	68.688	58.139
Issued share capital	RM Million	592.750	490.623	490.623	490.623	367.967
Shareholders' equity	RM Million	3,960.088	2,988.027	2,701.372	2,775.528	2,653.469
Total assets employed	RM Million	6,133.912	5,805.156	5,338.335	5,211.283	4,958.795
Earnings per share	Sen	75.80	75.67	49.53	34.71	49.83
KLSE Quotes						
High	RM	8.05	6.55	4.32	4.20	4.58
Low	RM	6.10	3.86	3.30	2.50	2.64
Close	RM	6.80	6.55	3.94	3.32	3.52
No. of shareholders		10,547	8,673	8,528	7,928	8,504

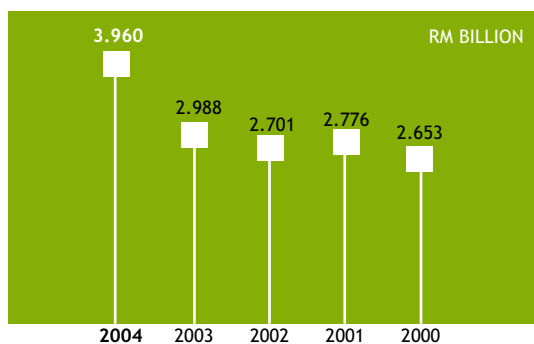
REVENUE



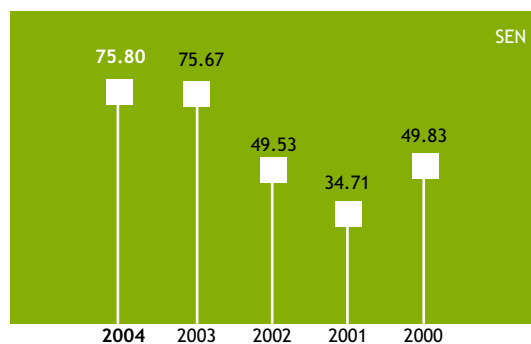
PROFIT BEFORE TAX



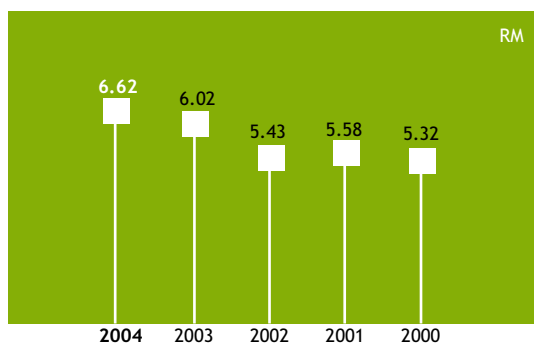
SHAREHOLDERS' EQUITY



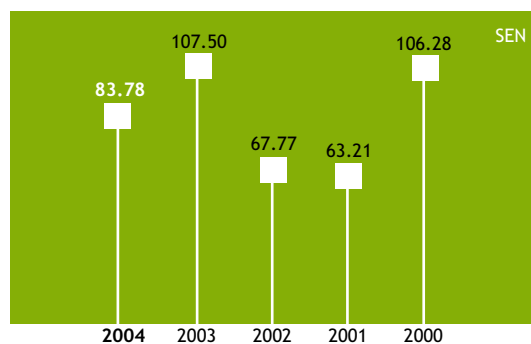
EARNINGS PER SHARE



NET TANGIBLE ASSETS PER SHARE

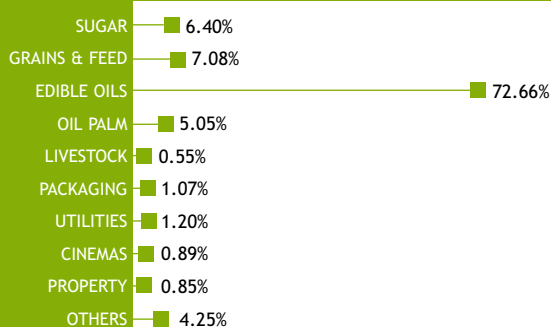


OPERATING CASH FLOW PER SHARE

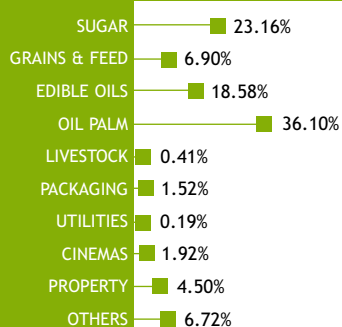


SEGMENTAL ANALYSIS

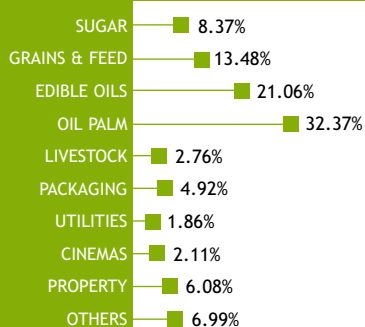
REVENUE RM10,999.682 MILLION



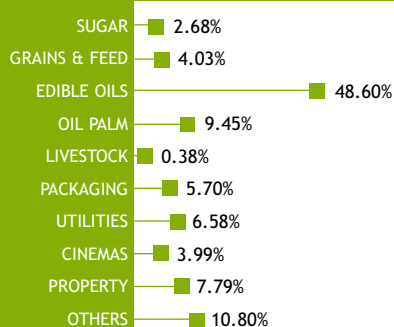
OPERATING PROFITS RM601.970 MILLION



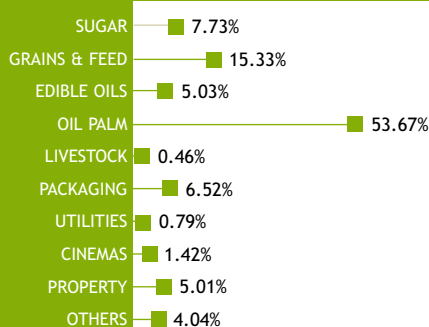
ASSETS RM4,398.949 MILLION



LIABILITIES RM526.874 MILLION



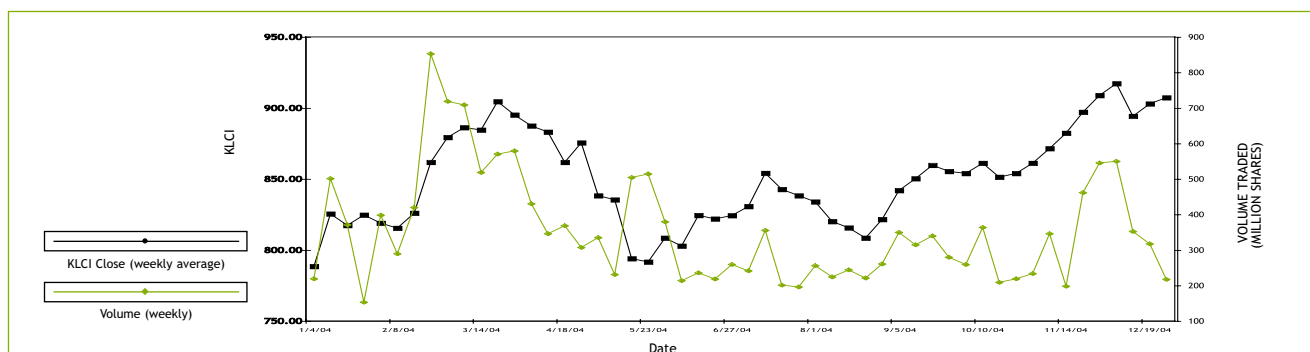
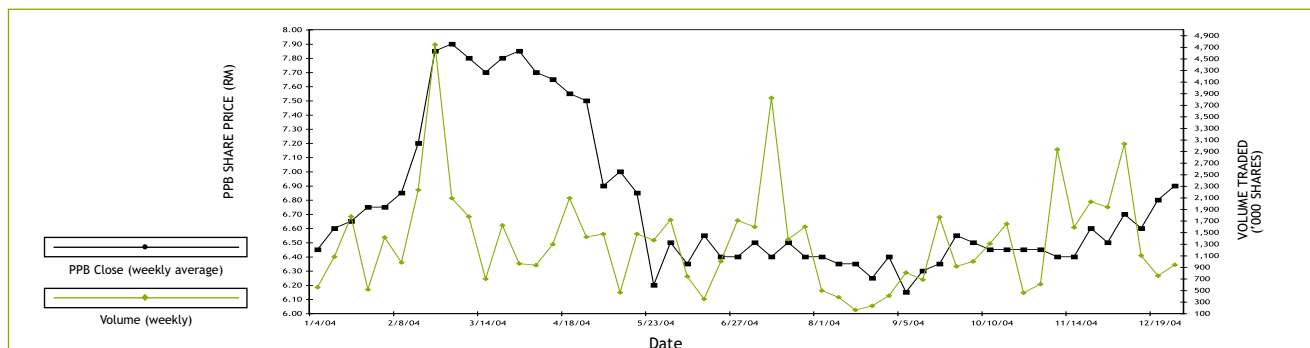
CAPITAL EXPENDITURE RM251.465 MILLION



SUGAR	Sugar refining & cane plantation
GRAINS & FEED	Grains trading, flour and feed milling
EDIBLE OILS	Edible oils refining & trading
OIL PALM	Oil palm plantations
LIVESTOCK	Livestock farming
PACKAGING	Packaging
UTILITIES	Environmental engineering, waste management & utilities
CINEMAS	Film exhibition & distribution
PROPERTY	Property investment & development
OTHERS	Other operations

Note : Percentage of contribution is computed before inter-segmental transactions elimination.

PPB'S WEEKLY SHARE PRICE & VOLUME TRADED FOR YEAR 2004



KL COMPOSITE INDEX & VOLUME TRADED FOR YEAR 2004

Information on KLCI and PPB's Share Price

Year 2004 started off on a positive note for Bursa Malaysia. Bullish sentiments boosted by several factors, some of which were the appointment of Datuk Seri Najib Tun Razak as Malaysia's Deputy Prime Minister, Malaysia's reinstatement into the California Public Employee Retirement Scheme, the release of strong 4th Quarter 2003 GDP numbers and Barisan Nasional's victory in the General Elections led the KLCI to advance by 13.6% in the 1st Quarter compared with the previous quarter.

In the 2nd Quarter, interest in the Bursa Malaysia started to fizzle out as investors were cautious of the external concerns from rising interest rates in the US, credit tightening policies in China, renewed fears of SARS to escalating prices of crude oil. The weight of the negative factors eventually led the KLCI to its lowest level for 2004 at 781.05 points on 17 May 2004.

Following a lackluster performance in the 2nd Quarter, the KLCI started to rise in the month of July supported with the strong economic growth and corporate performance. The UMNO elections which was held end of the 3rd Quarter drove market momentum to a high of 865.34 points prior to the annual assembly.

Market sentiments continued to improve to the 4th Quarter and KLCI rose by 6.8% with the influx of foreign funds arising from the speculations of the Ringgit's repeg. Investors' sentiments were further strengthened with the easing of oil prices and the conclusion of the US Presidential elections. The KLCI closed higher at 907.43 points on the last trading of 2004, up 14.3% from 793.94 points in the year before.

On 25 August 2004, 102,126,817 new PPB shares were listed and quoted on Bursa Malaysia pursuant to the privatization of FFM Berhad. The liquidity of PPB shares is expected to improve with the additional shares listed. In line with the year end active trading on the Bursa Malaysia, PPB share price closed at RM6.80 on 31 December 2004, an increase of 3.82% over RM6.55 achieved in 2003 and market capitalization of PPB shares improved to RM 4.0 billion from RM 3.2 billion.

DIRECTORS' RESPONSIBILITY STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31 December 2004 set out on pages 73 to 143 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 23 February 2005.

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is engaged in sugar cane cultivation and investment holding.

The principal activities of the Group are sugar refining; grains trading, flour and animal feed milling; edible oils refining and trading; livestock farming; packaging; oil palm cultivation; environmental engineering, waste management and utilities; film exhibition and distribution; property development and shipping.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	549,716	186,315
Profit attributable to minority interests	(149,052)	-
Net profit for the year	400,664	186,315
Unappropriated profit brought forward	2,207,134	954,155
Effect of changes in group structure	(1,912)	-
Transfer from non-distributable reserves	963	-
Profit available for appropriation	2,606,849	1,140,470
Dividends	(157,043)	(157,043)
Unappropriated profit carried forward	2,449,806	983,427

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:-

	RM'000
In respect of the financial year ended 31 December 2003, as disclosed in the Directors' report of that year:	
Final dividend of 16 sen per share comprising 5 sen tax exempt and 11 sen less 28% income tax paid on 28 May 2004	63,388
In respect of the financial year ended 31 December 2004:	
Interim dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax paid on 27 September 2004	50,977
Second interim dividend of 10 sen per share less 28% income tax paid on 24 January 2005	42,678
	<u>157,043</u>

The Directors recommend the payment of a final dividend of 10 sen per share comprising 2.5 sen tax exempt and 7.5 sen less 28% income tax in respect of the financial year ended 31 December 2004.

Together with the interim dividends already paid, the total dividend payment for the financial year ended 31 December 2004 will be 30 sen per share comprising 7.5 sen tax exempt and 22.5 sen less 28% income tax.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the consolidated statement of changes in equity as set out on page 76.

DIRECTORS' REPORT

SHARES AND DEBENTURES

During the financial year, the Company increased its authorised share capital from RM500,000,000 to RM1,000,000,000 by the creation of 500,000,000 new ordinary shares of RM1.00 each.

The Company also increased its issued and paid-up capital by the issuance of 102,126,817 new ordinary shares pursuant to the Privatisation of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965.

The Company did not issue any debentures during the financial year.

DIRECTORS

The Board of Directors since the date of the last report are as follows:-

Datuk Oh Siew Nam	<i>(Executive Chairman)</i>
Dato' Lim Chee Wah	<i>(Deputy Chairman)</i>
Tan Yew Jin	<i>(Executive Director)</i>
Dato Sri Liang Kim Bang	
Ang Guan Seng	
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Tan Gee Sooi	<i>(Appointed on 28 July 2004)</i>
Ong Ie Cheong	<i>(Resigned on 1 July 2004)</i>
Koh Mei Lee	<i>(Ceased on 13 August 2004)</i>
<i>(Alternate to Tan Yew Jin)</i>	
Michael Oh Aik Teong	<i>(Ceased on 13 August 2004)</i>
<i>(Alternate to Ang Guan Seng)</i>	

Tan Gee Sooi who was appointed a Director during the year, retires at the forthcoming Annual General Meeting ("AGM") in accordance with Article 88 and, being eligible, offers himself for re-election as Director.

In accordance with Article 107 of the Company's Articles of Association, Dato Sri Liang Kim Bang and Tan Yew Jin retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, the interests of Directors who held office at the end of the financial year in shares of the Company and its related corporations were as follows:-

Interest in the Company

Name of Director	As at 1.1.04/ Date of Appointment	No. of ordinary shares of RM1 each registered in the name of Directors			As at 31.12.04
		Bought	Sold		
Datuk Oh Siew Nam	57,333	3,000*	-		60,333
Tan Yew Jin	13,333	-	-		13,333
Tan Gee Sooi	20,333	-	-		20,333

Interest in the Company (continued)

Name of Director	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			
	As at 1.1.04	Bought	Sold	As at 31.12.04
Datuk Oh Siew Nam	280,000	178,250*	-	458,250
Ang Guan Seng	20,778,246	5,250*	-	20,783,496
Tan Yew Jin	40,741	180,625*	-	221,366

* New PPB shares allotted on 17.8.2004 in exchange for FFM Berhad shares on a 1 for 1 basis, arising from the Privatisation of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965.

Interest in Subsidiary Companies

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each registered in the name of Directors		
		As at 1.1.04	Bought	Sold
Datuk Oh Siew Nam	FFM	3,000	-	3,000 [#]
	PPBOP	20,000	-	-
Dato' Lim Chee Wah	PPBOP	10,000	-	-
Dato Sri Liang Kim Bang	PPBOP	10,000	-	-
Tan Yew Jin	PPBOP	65,000	-	-

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each in which Directors are deemed to have interest		
		As at 1.1.04	Bought	Sold
Datuk Oh Siew Nam	FFM	178,250	-	178,250 [#]
	PPBOP	36,000	-	-
Ang Guan Seng	FFM	5,250	-	5,250 [#]
Tan Yew Jin	FFM	180,625	-	180,625 [#]
	PPBOP	10,000	-	-

[#] FFM shares disposed of arising from the Privatisation of FFM Berhad.

FFM = FFM Berhad

PPBOP = PPB Oil Palms Berhad

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

Neither at the end of the financial year nor at any time during the financial year, did there subsist any arrangements to which the Company is a party whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965 except for Ang Guan Seng who has financial interest in companies which have transactions with certain of the Company's subsidiary companies for sale and purchase of raw materials and finished products in the normal course of business as disclosed in note 44 of the accounts.

INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Group's and Company's Income Statements and Balance Sheets were prepared, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability which has arisen in the Group or in the Company since the end of the financial year.

OTHER STATUTORY INFORMATION

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:-

- (a) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

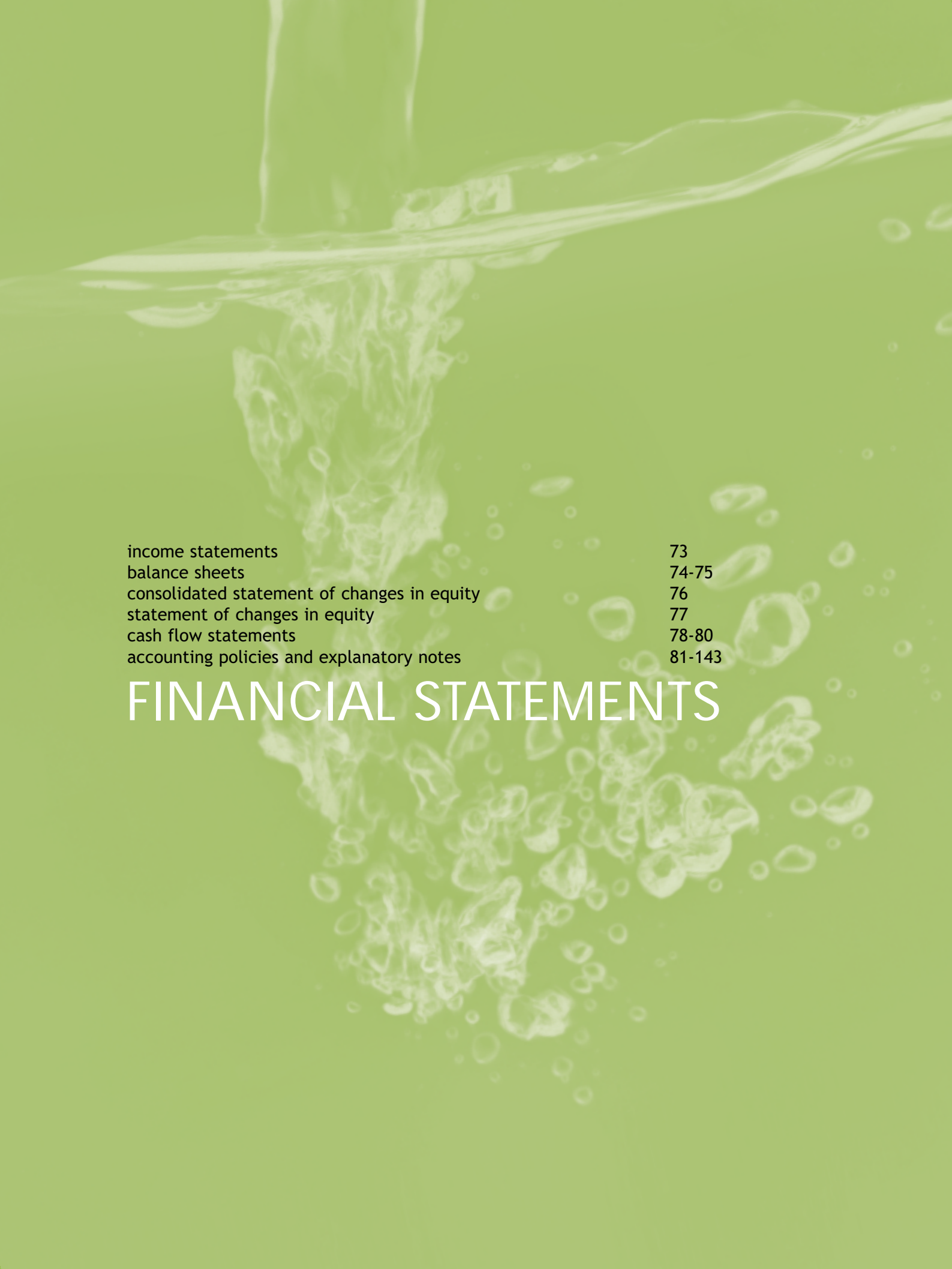
Messrs Moores Rowland have indicated their willingness to continue in office.

On behalf of the Board

DATUK OH SIEW NAM
Executive Chairman

DATO' LIM CHEE WAH
Deputy Chairman

Kuala Lumpur
23 February 2005



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statement of changes in equity	77
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accounting policies and explanatory notes	81-143

FINANCIAL STATEMENTS

**INCOME
STATEMENTS**
FOR THE YEAR ENDED
31 DECEMBER 2004

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	4	10,999,682	9,319,768	32,093	36,246
Cost of sales	5	(10,016,008)	(8,409,175)	(20,688)	(20,093)
Gross profit		983,674	910,593	11,405	16,153
Other operating income		18,998	32,568	1,381	1,408
Distribution costs		(181,458)	(204,775)	-	-
Administrative and general expenses		(160,437)	(134,799)	(13,586)	(11,539)
Other operating expenses		(58,807)	(49,015)	-	-
Profit/(Loss) from operations	6	601,970	554,572	(800)	6,022
Net profit from investing activities	7	81,119	39,666	201,719	165,364
Share of profits less losses of associated companies		65,546	124,644	-	-
Share of losses of jointly controlled entities		(30)	(38)	-	-
Finance costs	8	(15,097)	(11,484)	(953)	-
Profit before taxation		733,508	707,360	199,966	171,386
Taxation					
- Company and subsidiary companies	9	(160,561)	(149,212)	(13,651)	(32,087)
- Share of taxation of associated companies	9	(23,231)	(21,266)	-	-
Profit after taxation		549,716	536,882	186,315	139,299
Minority interests		(149,052)	(165,629)	-	-
Net profit for the year		400,664	371,253	186,315	139,299
Basic earnings per share (sen)	10	75.8	75.7		
Diluted earnings per share (sen)	10	N/A	75.6		
Dividend per share (net of tax)(sen)					
- Interim		8.6	7.6		
- 2nd interim		7.2	-		
- Final		7.9	12.9		
		23.7	20.5		

N/A - Not applicable

Accounting policies and explanatory notes are set out on pages 81 to 143.
Auditors' Report - Page 145.

**BALANCE
SHEETS**
AS AT
31 DECEMBER 2004

		GROUP		COMPANY	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	2,642,271	2,478,584	44,709	48,546
Land held for property development	12	12,691	16,679	-	-
Intangible asset	13	34,687	34,779	-	-
Investment in subsidiary companies	14	-	-	1,863,857	1,018,449
Investment in associated companies	15	598,741	535,668	50,983	50,958
Investment in jointly controlled entities	16	38,867	27,547	-	-
Other investments	17	452,320	412,098	146,569	146,569
Deferred tax assets	18	7,254	7,450	-	-
Amounts due from subsidiary companies	19	-	-	59,309	66,260
CURRENT ASSETS					
Inventories	20	950,604	810,429	11,041	10,612
Property development costs	21	18,719	32,910	-	-
Gross amount due from customers	22	11,926	10,735	-	-
Trade receivables	23	498,194	423,760	-	-
Accrued billings		11	3,927	-	-
Other receivables, deposits and prepayments	24	71,401	84,785	7,068	7,348
Amounts due from subsidiary companies	19	-	-	370	7,821
Amounts due from associated companies	25	239,515	170,096	85,767	19,385
Amounts due from jointly controlled entities	16	7	9	-	-
Current tax assets		18,976	31,121	1,148	12,407
Deposits	26	449,584	676,404	1,707	93,750
Cash and bank balances	27	88,144	48,175	634	521
		2,347,081	2,292,351	107,735	151,844
Less:					
CURRENT LIABILITIES					
Gross amount due to customers	22	3,145	6,020	-	-
Trade payables	28	281,896	296,295	1,441	1,105
Progress billings		1,263	2,398	-	-
Other payables and accruals	29	179,485	202,176	9,178	1,751
Amounts due to subsidiary companies	19	-	-	109,838	7,849
Amounts due to associated companies	25	75,893	58,411	58	50
Hire purchase liabilities	30	899	228	-	-
Short term borrowings	31	348,497	381,772	-	-
Bank overdrafts	32	8,836	8,942	996	-
Current tax liabilities		32,688	25,976	-	-
		932,602	982,218	121,511	10,755
NET CURRENT ASSETS/(LIABILITIES)					
		1,414,479	1,310,133	(13,776)	141,089
		5,201,310	4,822,938	2,151,651	1,471,871

	<i>Note</i>	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Financed by:					
SHARE CAPITAL	33	592,750	490,623	592,750	490,623
SHARE PREMIUM		526,874	21,128	526,874	21,128
NON-DISTRIBUTABLE RESERVES	34	347,980	269,142	-	-
UNAPPROPRIATED PROFIT		2,449,806	2,207,134	983,427	954,155
DIVIDEND		42,678	-	42,678	-
SHAREHOLDERS' EQUITY		3,960,088	2,988,027	2,145,729	1,465,906
MINORITY INTEREST		779,395	1,482,721	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Long term bank loans	35	149,018	83,740	-	-
Hire purchase liabilities	30	733	137	-	-
Deferred income	36	25,409	12,233	-	-
Deferred tax liabilities	37	286,667	256,080	5,922	5,965
		461,827	352,190	5,922	5,965
		5,201,310	4,822,938	2,151,651	1,471,871

*Accounting policies and explanatory notes are set out on pages 81 to 143.
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**CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY**
FOR THE YEAR ENDED
31 DECEMBER 2004

<-----Non-distributable----->									
Note	Exchange					Unappropriated			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Sub-total RM'000	Profit RM'000	Dividend RM'000	
At 1 January 2003	490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	-	2,701,372
Effect of changes in group structure 38	-	-	(495)	2	586	93	(998)	-	(905)
Translation differences for the year	-	-	-	7,093	-	7,093	-	-	7,093
Fair value adjustment	-	-	114	-	-	114	-	-	114
Share of reserves of associated companies	-	-	-	(2,334)	(254)	(2,588)	-	-	(2,588)
Net (losses)/gains not recognised in the income statement	-	-	(381)	4,761	332	4,712	(998)	-	3,714
Net profit for the year	-	-	-	-	-	-	371,253	-	371,253
Transfer of reserves	-	-	(983)	-	3,307	2,324	(2,324)	-	-
Dividends 39	-	-	-	-	-	-	(88,312)	-	(88,312)
At 31 December 2003	490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	-	2,988,027
Issue of shares pursuant to Privatisation of FFM 33	102,127	507,570	-	-	-	-	-	-	609,697
Share issue expenses	-	(1,824)	-	-	-	-	-	-	(1,824)
Effect of changes in group structure 38	-	-	-	-	11,464	11,464	(1,912)	-	9,552
Translation differences for the year	-	-	-	(7,443)	-	(7,443)	-	-	(7,443)
Realisation upon liquidation of a subsidiary company	-	-	-	(131)	-	(131)	-	-	(131)
Fair value adjustment on Privatisation of FFM	-	-	79,362	-	-	79,362	-	-	79,362
Share of reserves of associated companies	-	-	-	(4,386)	935	(3,451)	-	-	(3,451)
Net gains/(losses) not recognised in the income statement	-	-	79,362	(11,960)	12,399	79,801	(1,912)	-	77,889
Net profit for the year	-	-	-	-	-	-	400,664	-	400,664
Transfer of reserves	-	-	(3,042)	6,226	(4,147)	(963)	963	-	-
Dividends 39	-	-	-	-	-	-	(157,043)	42,678	(114,365)
At 31 December 2004	592,750	526,874	164,674	31,024	152,282	347,980	2,449,806	42,678	3,960,088

Accounting policies and explanatory notes are set out on pages 81 to 143.

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**STATEMENT OF
CHANGES IN
EQUITY**
FOR THE YEAR ENDED
31 DECEMBER 2004

	<i>Note</i>	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Dividend RM'000	Total RM'000
At 1 January 2003		490,623	21,128	903,168	-	1,414,919
Net profit for the year		-	-	139,299	-	139,299
Dividends	39	-	-	(88,312)	-	(88,312)
At 31 December 2003		490,623	21,128	954,155	-	1,465,906
Issue of shares pursuant to Privatisation of FFM	33	102,127	507,570	-	-	609,697
Share issue expenses		-	(1,824)	-	-	(1,824)
Net profit for the year		-	-	186,315	-	186,315
Dividends	39	-	-	(157,043)	42,678	(114,365)
At 31 December 2004		592,750	526,874	983,427	42,678	2,145,729

*Accounting policies and explanatory notes are set out on pages 81 to 143.
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CASH FLOW STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2004

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	733,508	707,360	199,966	171,386
Adjustments for non-cash items:				
Depreciation	151,411	141,724	2,394	2,388
Property, plant and equipment written off	5,639	2,916	2	6
Impairment in value of property, plant and equipment	462	581	-	-
Profit on disposal of property, plant and equipment	(5,135)	(3,929)	(1,893)	(260)
(Profit)/Loss on disposal of associated companies	-	(13,572)	-	711
Profit on disposal of other investments	(38,307)	(87)	-	-
Loss/(Profit) on disposal of a subsidiary company	15	-	(10,516)	(3,754)
Surplus arising from liquidation of subsidiary companies	(162)	(225)	-	(325)
(Surplus)/Deficit arising from liquidation of an associated company	(96)	3,300	(48)	-
Diminution in value of other investments	(2,222)	(4,986)	-	-
Bad and doubtful debts	4,804	1,893	-	-
Advances to an associated company written off	-	741	-	-
Share of profits less losses of associated companies	(65,546)	(124,644)	-	-
Share of losses of jointly controlled entities	30	38	-	-
Inventories written off	248	178	-	-
Unrealised foreign exchange loss/(gain)	9,612	(2,463)	-	-
Realised foreign exchange gain on capital repayment from an associated company	(214)	-	-	-
Goodwill on acquisition of subsidiary companies amortised and written off	2,427	4,541	-	-
Discount on acquisition of subsidiary companies amortised and written off	(795)	(1,332)	-	-
Interest expense	15,097	11,484	953	-
Dividend income	(18,994)	(5,734)	(186,491)	(158,568)
Interest income	(16,588)	(15,405)	(2,285)	(2,738)
Rental income	(1,283)	(1,719)	(586)	(581)
Operating profit before working capital changes	773,911	700,660	1,496	8,265
Adjustments for working capital changes:				
Land and development expenditure	25,263	9,746	-	-
Inventories	(141,194)	(80,518)	(429)	(76)
Gross amounts due from/to customers	(4,066)	(6,889)	-	-
Receivables	(64,767)	24,918	(835)	(740)
Payables	(16,078)	10,017	7,775	445
Cash generated from operations	573,069	657,934	8,007	7,894
Tax (paid)/refunded	(130,220)	(130,493)	10,550	(774)
Net cash generated from operating activities	442,849	527,441	18,557	7,120

		GROUP		COMPANY	
	<i>Note</i>	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of shares in new subsidiary companies	40	(5,437)	(15,401)	-	-
Acquisition of additional shares in subsidiary companies		(205,842)	(15,882)	(204,254)	(11,440)
Proceeds from disposal of a subsidiary company	41	56	-	-	4,289
Capital repayment from/(Payment for) liquidation of subsidiary companies		2,073	(180)	-	-
Investment in associated companies		(65,984)	(8,125)	(25)	-
Proceeds from disposal of associated companies		-	52,905	-	-
Capital repayment from/(Payment for) liquidation of an associated company		96	(3,300)	48	-
Additional Real Property Gains Tax paid on disposal of an associated company in prior year		-	(711)	-	(711)
Capital repayment from associated companies		8,903	12,433	-	3,400
Repayment from subsidiary companies		-	-	5,253	6,496
Advances to associated companies		(63,865)	(2,265)	(65,381)	(103)
Repayment from jointly controlled entities		-	1,000	-	-
Return from dissolution of jointly controlled entities		-	277	-	-
Investment in jointly controlled entities		(11,327)	(27,547)	-	-
Purchase of other investments		(4,234)	(9,050)	-	(5,925)
Proceeds from disposal of other investments		44,904	104	-	-
Purchase of property, plant and equipment	42	(256,428)	(203,531)	(1,953)	(2,748)
Proceeds from disposal of property, plant and equipment		17,236	16,896	5,275	265
Dividends received from subsidiary companies		-	-	168,336	125,510
Dividends received from associated companies		23,956	42,867	2,644	6,643
Dividends received from other investments		18,405	5,573	2,526	1,054
Interest received		16,469	15,182	2,399	2,602
Rental received		1,283	1,719	586	581
Net cash (used in)/generated from investing activities		(479,736)	(137,036)	(84,546)	129,913
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares issued to minority shareholders of subsidiary companies		6,696	34,044	-	-
Payment of share issue expenses		(1,824)	-	(1,824)	-
Revolving credits, bankers' acceptance and export credit refinancing		(29,905)	1,629	-	-
Bank term loans received		63,430	12,973	-	-
Repayment of bank term loans		(2,544)	(2,349)	-	-
Payment of hire purchase liabilities		(1,206)	(173)	-	-
Advances from/(Repayment to) subsidiary companies		-	-	90,197	(803)
Advances from/(Repayment to) associated companies		4,899	(8,830)	8	10
Interest paid		(16,269)	(12,236)	(953)	-
Dividends paid to shareholders of the Company		(114,365)	(88,312)	(114,365)	(88,312)
Dividends paid to minority shareholders of subsidiary companies		(58,437)	(77,555)	-	-
Net cash used in financing activities		(149,525)	(140,809)	(26,937)	(89,105)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2004

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(186,412)	249,596	(92,926)	47,928
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	715,637	466,410	94,271	46,343
EFFECT OF EXCHANGE RATE CHANGES	(333)	(369)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>528,892</u>	<u>715,637</u>	<u>1,345</u>	<u>94,271</u>
Represented by:				
Cash and bank balances	88,144	48,175	634	521
Deposits	449,584	676,404	1,707	93,750
Bank overdrafts	(8,836)	(8,942)	(996)	-
	<u>528,892</u>	<u>715,637</u>	<u>1,345</u>	<u>94,271</u>

Accounting policies and explanatory notes are set out on pages 81 to 143.

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1. GENERAL

The Company is a public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965. The Company is domiciled in Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board and with the provisions of the Companies Act, 1965.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value, revalued amount and fair value. Estimates are used in measuring these values.

(b) Subsidiary companies

A subsidiary company is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The Company's interests in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed of is taken to the income statement.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. All inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. All subsidiary companies are consolidated on the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The difference, if any, between the acquisition cost and these fair values is reflected as goodwill or discount on acquisition as appropriate. However, if the amounts involved are immaterial, goodwill or discount on acquisition is taken to the income statement as and when they arise.

Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the financial statements and amortised on a straight-line basis over its estimated useful life or 25 years, whichever is shorter; otherwise it is written off in the income statement in the year of acquisition.

Discount on acquisition is either taken to the income statement as they arise or retained in the balance sheet and credited to the income statement over a suitable period, depending on the particular circumstances which gave rise to it.

Minority interest represents the interests of outside members in the operating results and net assets of subsidiary companies.

(d) Associated companies

Associated companies are those companies in which the Group holds a long term equity interest, has representation on the board of directors and is in a position to exercise significant influence over financial and operating policies.

Investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between net disposal proceeds and the carrying amount of the associated company disposed of is taken to the income statement.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. The equity method of accounting involves recognising in the consolidated financial statements the Group's share of the results of associated companies for the financial year. The Group's investments in associated companies are carried in the consolidated balance sheet at an amount that reflects its share of the net assets of the associated companies and includes premium or discount on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency with accounting policies of the Group.

The results and reserves of associated companies are accounted for in the consolidated financial statements based on audited and/or unaudited management accounts made up to the end of the financial year.

(e) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities in which there is a contractual agreement whereby the Group and other parties have joint control over the economic entities.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Unrealised gains on transactions between the Group and jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency with accounting policies of the Group.

(f) Other investments

Other investments comprise quoted and unquoted equity shares stated at cost. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the other investment disposed of is taken to the income statement.

(g) Property, plant and equipment

(i) *Measurement basis*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment retired from active use and held for disposals are stated at the lower of net book value and net realisable value.

(ii) *Depreciation*

Freehold land and capital work-in-progress are not depreciated while leasehold land and buildings are amortised on the straight-line basis over the remaining period of the lease.

New planting expenditure incurred on land clearing and upkeep of trees up to maturity is capitalised under land cost and is depreciated on a straight-line basis over the remaining lease period of the plantation land from the date of maturity.

Replanting expenditure is charged to the income statement when incurred.

Depreciation of the vessel owned by the Group is calculated on a straight-line basis to write off its cost net of estimated residual values over its expected useful life of 240 months. Cost includes the cost of any major enhancements and improvements which increase the future benefits from the vessel beyond its previously assessed standard of performance. The cost of routine replacements and repairs is written off in the income statement as and when they are incurred.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings and civil works	2% - 5% or the lease period if shorter
Plant and machinery	5% - 10%
Motor vehicles	20% - 25%
Furniture, fittings, office and other equipment	10% - 20%

(h) *Leases*

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

All other leases are treated as operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

(i) *Development properties*

Development properties are classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as non-current assets on the balance sheet and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the income statement over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the income statement is recognised as progress billings under current liabilities.

(j) Engineering contracts

The Group's engineering contracts comprise substantially fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of an engineering contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the balance sheet, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Except in the case of livestock, cost is determined on either the first-in-first-out basis or the weighted average basis, depending on the nature of the inventories. Cost comprises the landed cost of goods purchased, and in the case of work-in-progress and finished goods, includes an appropriate proportion of factory overheads.

Livestock comprises broilers, pullets and layers parent stock and hatchable eggs. Livestock is valued at the lower of amortised cost and net realisable value. Cost includes the cost of the parent stock plus all attributable costs including overheads incurred in nursing the parent stock to the point of lay, and such cost is then amortised over its estimated economic life. Net realisable value is defined as the aggregate income expected to be generated from total day old chicks and eggs to be produced and proceeds from the disposal of the ex-broiler parent stock less expenses expected to be incurred to maintain the parent stock up to its disposal.

(l) Receivables

Receivables are stated at cost less allowance for doubtful debts.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

(m) Impairment of assets

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to the income statement.

Property, plant and equipment, land held for property development, intangible assets, deferred tax assets, investment in subsidiary companies, associated companies and jointly controlled entities are assessed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's estimated net selling price and its discounted future cash flows expected to be generated from the use of the asset. Recoverable amounts are estimated for each individual asset or, if this is not possible, for the cash-generating unit to which the asset belongs.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(n) Payables

Payables are stated at cost.

(o) Share capital

Ordinary shares are recorded at the nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(p) Income recognition

(i) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Revenue from engineering contracts and the sale of development properties is recognised on the percentage of completion method, where the outcome of the contract can be reliably estimated.

Revenue from engineering contracts represents the proportionate contract value on engineering contracts attributable to the percentage of contract work performed during the financial year.

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

(iii) Revenue from box office collections, filmlet income, sale of movie rights and film rental is recognised upon the exhibition of the movie or filmlet.

(iv) Dividend income is recognised when the right to receive payment is established.

(v) Interest income is recognised on a time proportion basis.

(vi) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

(vii) Net voyage income is recognised over the period of the voyage on a pro-rata basis.

(q) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs ceases when development is completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to the income statement in the period which they are incurred. The interest component of hire purchase payments is charged to the income statement over the hire purchase period so as to give a constant periodic rate of interest on the remaining hire purchase liabilities.

(r) Foreign currencies

(i) *Transactions in foreign currencies*

Transactions in foreign currencies are translated to Ringgit Malaysia at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date or the foreign currency forward contract rates when there are related or matching forward contracts. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities which are carried in terms of historical costs denominated in foreign currencies are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transaction.

(ii) *Translation of foreign currency financial statements*

All of the Group's foreign subsidiary companies fall within the classification of foreign entities under *MASB Standard 6 - The Effect of Changes in Foreign Exchange Rates*.

For consolidation purposes, all assets and liabilities, including fair values adjustments of foreign subsidiary companies are translated at the exchange rates ruling at the balance sheet date. Income and expense items are translated at exchange rates approximating those ruling on transaction dates. All exchange differences arising from the translation of the financial statements of foreign subsidiary companies are dealt with through the exchange translation reserve account.

(iii) *Closing rates used*

The closing rates used in translation were as follows:

		2004 RM	2003 RM
One Australian Dollar	("AUD")	2.96	2.84
One United States Dollar	("USD")	3.80	3.80
One Sterling Pound	("GBP")	7.31	6.34
One Singapore Dollar	("SGD")	2.32	2.23
One Euro	("EUR")	5.17	4.77
One Swiss Franc	("CHF")	3.35	3.11
One Philippines Peso	("PHP")	0.07	N/A
100 Indian Rupee	("INR")	8.70	8.35
100 Indonesian Rupiah	("IDR")	0.04	0.05
100 Hong Kong Dollars	("HKD")	48.87	48.94
100 Yuan Renminbi	("CNY")	45.92	45.90
100 Japanese Yen	("JPY")	3.70	3.42
100 Thai Baht	("THB")	9.74	9.59
1,000 Vietnamese Dong	("VND")	0.24	0.24

N/A - Not applicable

(s) Employee benefits

(i) *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) *Equity compensation benefits*

A subsidiary company of the Group, namely, PPB Oil Palms Berhad ("PPBOP") had an Employees' Share Option Scheme ("ESOS") in place. Options granted under the ESOS entitle employees to acquire equity shares in PPBOP. No compensation cost or obligation is recognised in the financial statements. When the options are exercised, equity is increased by the amount of the proceeds received. The ESOS, which was effective on 20 August 1998, expired on 19 August 2003 after a period of 5 years.

(iii) *Post-employment benefits*

The Company and its Malaysian subsidiary companies pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiary companies is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to the income statement in the period to which they relate.

Some of the Company's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes which are recognised as an expense in the income statement as incurred.

(iv) *Termination benefits*

The Group recognises termination benefits payable as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal.

(t) Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of net profit or loss for the financial year.

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, tax losses and tax credits can be utilised. No deferred tax is recognised for temporary differences arising from:

- (i) goodwill for which amortisation is not deductible for tax purposes, or
- (ii) negative goodwill which is treated as deferred income, or
- (iii) the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted by the balance sheet date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or a different period, directly to equity.

(u) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(v) Rounding of amounts

Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand. The currency used is Ringgit Malaysia ("RM").

(w) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) *Financial instruments recognised in the balance sheet*

The Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, other investments, receivables and payables, borrowings, hire purchase liabilities and ordinary shares. These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where relevant. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

(ii) *Financial instruments not recognised in the balance sheet*

The Group's financial instruments which are not recognised in the balance sheet comprise derivatives (primarily foreign currency forward contracts and commodities futures). These derivative financial instruments are not recorded as an asset or a liability. The objective of entering into these derivatives is to protect the Group against unfavourable exchange rate and commodity price movements. Gains or losses from changes in the fair value of forward contracts offset the corresponding losses or gains on the receivables and payables covered by the forward contracts.

(x) Disclosure of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables, short term investments and short term borrowings.

The carrying amounts approximate fair values because of the short maturities of these instruments.

Long term investments

The fair value of quoted investments is estimated based on quoted market prices. For unquoted investments, a reasonable estimate of fair value is not practical as it would involve incurring excessive costs. Therefore, such investments are valued at cost subject to review for diminution in value.

Long term borrowings and debts

The carrying amounts of the Group's long term floating-rate borrowings approximate fair value. The fair value of the Group's long term fixed-rate borrowings and debts is estimated using discounted cash flow analyses, based on current market interest rates available to the Group for similar types of lending and borrowing arrangements.

Foreign currency contracts and commodities future contracts

The fair value of foreign currency contracts and commodities future contracts is estimated based on quotes obtained from brokers.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to financial risk management policies. The Group enters into derivative instruments, principally foreign currency forward contracts, to hedge its exposure to financial risks. The Group's management reviews and agrees on policies for managing each of the financial risks and they are summarised below.

The Group does not trade in derivative instruments.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into in currencies other than their functional currency. The Group enters into forward foreign currency contracts to limit its exposure on foreign currency receivables and payables, and on cash flows from anticipated transactions denominated in foreign currencies.

The Group's operations in Indonesia are funded with USD bank loans. Whilst benefiting from the lower USD interest cost, these operations are exposed to currency risks. The Group constantly monitors the exchange rate movements and whenever feasible, will utilise derivative instruments to hedge the revenue and expenditure in IDR against scheduled USD loan draw downs and repayments.

Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's deposits placed with creditworthy licensed banks and financial institutions and bank borrowings.

Financial Assets

By placing its deposits on short tenures that generate interest income based on prevailing market rates, the Group is able to reduce its exposures to interest rates fluctuations.

Financial Liabilities

The Group minimises its interest rate risk by maintaining its bank borrowings mainly on floating rates which vary according to changes in market interest rates. This enables the Group to capitalised on cheaper funding in a low interest rate environment. In addition, the Group addresses its exposure to fluctuating interest rates by utilising interest rate swap facilities with financial institutions when appropriate.

Market risk

The Group's exposure to market risk arises mainly from fluctuation in the prices of key raw materials. The Group manages this risk by using commodity futures contracts, cost plus contracts and fixed margin contracts, where relevant, to hedge its exposure.

The Group is also exposed to market risks arising from changes in value caused by movements in market price of its equity investments. The risk of loss is minimised via thorough analyses before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments after thorough analyses.

Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group's management has a credit policy in place to ensure that transactions are conducted with creditworthy counter parties.

The Group's credit risk is primarily attributable to the trade receivables arising from the sale of goods and the futures contracts entered into by a subsidiary company's clients.

Exposure to credit risk arising from sales made on deferred credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counter parties as a means of mitigating losses in the event of default.

As a futures broker, the subsidiary company could be held responsible for the default or misconduct of its clients. Other than the requirement for clients to maintain margin deposits with Malaysian Derivatives Clearing House Bhd, the subsidiary company mitigates the default risk by retaining an appropriate level of clients' assets and acting as futures broker only for subsidiary companies and associated companies of the Company.

The Group seeks to invest its surplus cash safely by depositing them with licensed financial institutions.

Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group seeks to maintain sufficient credit lines available to meet its liquidity requirement while ensuring an effective working capital management within the Group.

4. REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sales of agricultural produce, food-based products and other goods	10,660,051	9,031,359	32,093	36,246
Contract revenue	109,985	81,834	-	-
Sale of development properties	79,782	95,656	-	-
Collection from cinema operations	104,259	87,872	-	-
Rental from leasing of properties	18,880	17,825	-	-
Waste management and other services rendered	26,725	5,222	-	-
	10,999,682	9,319,768	32,093	36,246

5. COST OF SALES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cost of goods sold	9,752,646	8,182,249	20,688	20,093
Contract cost recognised as expense	93,306	70,305	-	-
Cost of development properties sold	52,578	69,497	-	-
Cost of cinema operations	88,241	73,471	-	-
Cost of leasing of properties	11,740	11,147	-	-
Cost of waste management and other services rendered	17,497	2,506	-	-
	10,016,008	8,409,175	20,688	20,093

6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<i>Profit/(Loss) from operations is stated after charging:</i>				
Auditors' remuneration				
- current year	1,325	1,160	46	46
- (over)/underprovision in prior year	(1)	35	-	5
Bad and doubtful debts	5,194	2,642	-	-
Depreciation	151,411	141,724	2,394	2,388
Directors' remuneration				
- Company's directors:				
- fees				
- current year	294	306	157	155
- under provision in prior year	-	8	-	8
- other emoluments	11,151	8,635	5,187	3,354

ACCOUNTING POLICIES AND EXPLANATORY NOTES

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6. PROFIT/(LOSS) FROM OPERATIONS (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- Subsidiary companies' directors:				
- fees				
- current year	787	664	-	-
- under provision in prior year	-	3	-	-
- other emoluments	16,525	12,778	-	-
Foreign exchange loss				
- realised	2,015	98	-	-
- unrealised	10,076	511	-	-
Goodwill on acquisition of subsidiary companies amortised (see note 13)	2,119	1,962	-	-
Inventories written off	248	178	-	-
Loss on disposal of property, plant and equipment	399	2,188	-	-
Operating lease rentals	866	224	-	-
Property, plant and equipment written off	5,639	2,916	2	6
Rental of premises	14,194	13,221	377	334
<hr/>				
<i>and crediting:</i>				
Profit on disposal of property, plant and equipment	1,291	1,730	100	151
Allowance for doubtful debts no longer required	390	749	-	-
Foreign exchange gain				
- realised	1,386	3,920	-	-
- unrealised	464	2,974	-	-
Discount on acquisition of subsidiary companies amortised (see note 36)	786	580	-	-
<hr/>				

Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Company's directors	141	160	27	48
Subsidiaries' directors	243	286	-	-
<hr/>				

7. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Gross dividends from subsidiary companies				
- quoted in Malaysia	-	-	61,833	65,033
- unquoted	-	-	118,473	83,487
Gross dividends from unquoted associated companies	-	-	3,540	8,856
Gross dividends from other investments				
- quoted in Malaysia	13,542	1,877	663	491
- quoted outside Malaysia	5,381	3,797	1,982	701
- unquoted	71	60	-	-
Interest income	16,588	15,405	2,285	2,738
Rental income	1,283	1,719	586	581
(Loss)/Profit on disposal of				
- a subsidiary company	(15)	-	10,516	3,754
- associated companies	-	13,572	-	(711)
- other investments	38,307	87	-	-
- land and buildings	4,243	4,387	1,793	109
Surplus/(Deficit) arising from liquidation of associated companies	96	(3,300)	48	-
Surplus arising from liquidation of subsidiary companies (see note 43)	162	225	-	325
Diminution in value of other investments	(11)	-	-	-
Diminution in value of other investments written back	2,233	4,986	-	-
Impairment in value of property, plant and equipment	(462)	(581)	-	-
Advances to an associated company written off	-	(741)	-	-
Goodwill on acquisition of subsidiary companies written off	(308)	(2,579)	-	-
Discount on acquisition of subsidiary companies written off	9	752	-	-
	81,119	39,666	201,719	165,364

8. FINANCE COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<i>Interest paid and payable on:</i>				
Bankers' acceptance and export credit refinancing	6,869	5,914	-	-
Revolving credits	2,120	1,456	-	-
Advances from subsidiary companies	-	-	953	-
Bank term loans	5,589	3,818	-	-
Bank overdrafts	285	58	-	-
Hire purchase	142	15	-	-
Others	92	223	-	-
	15,097	11,484	953	-

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9. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on results for the year				
Current	151,182	141,108	13,670	35,609
Deferred	15,605	11,301	(51)	2,034
	166,787	152,409	13,619	37,643
Foreign taxation				
Current	3,111	2,034	-	-
Deferred	(816)	1,413	-	-
	169,082	155,856	13,619	37,643
(Over)/Under provision in prior years				
Current	(4,931)	(7,140)	24	(5,556)
Deferred	(3,590)	496	8	-
	160,561	149,212	13,651	32,087
Group's share of taxation of associated companies				
Malaysian taxation	11,274	10,023	-	-
Foreign taxation	11,957	11,243	-	-
	23,231	21,266	-	-

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax as a result of the following differences:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Accounting profit	667,992	582,754	199,966	171,386
Taxation at applicable tax rate	186,593	163,171	55,990	47,988
<i>Tax effect arising from:</i>				
- non taxable income				
- exempt dividend	(5,291)	(1,691)	(39,233)	(9,700)
- surplus from liquidation of subsidiary companies	(45)	(63)	-	(91)
- profit on disposal of				
- subsidiary company	-	-	(2,944)	(1,051)
- associated companies	-	(3,999)	-	-
- land and buildings	(1,188)	(1,228)	(502)	(31)
- other investments	(10,726)	(24)	-	-
- discount on acquisition	(223)	(373)	-	-
- diminution in value of other investments written back	(625)	(1,396)	-	-
- others	(8,927)	(5,905)	(41)	-
- expenses eligible for double deduction	(1,922)	-	-	-
- non-deductible expenses				
- deficit arising from liquidation of associated company	-	924	-	-
- loss on disposal of associated company	-	199	-	199
- advances to associated companies written off	-	207	-	-
- goodwill on acquisition	679	1,271	-	-

9. TAXATION (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- others	12,071	9,569	349	329
Utilisation of reinvestment allowance	(4,142)	(8,204)	-	-
Addition to deferred tax assets not recognised	2,770	3,565	-	-
Unavailable group relief	62	139	-	-
Effect of different tax rate in other countries	(2)	(306)	-	-
Effect on reduction in tax rate	(2)	-	-	-
(Over)/Underprovision in prior years	(8,521)	(6,644)	32	(5,556)
	<u>160,561</u>	<u>149,212</u>	<u>13,651</u>	<u>32,087</u>

Subject to agreement with the Inland Revenue Board, based on the estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, approximately RM752.868 million of the unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability. The balance of the unappropriated profit of RM230.559 million is not covered by the tax credit, therefore, any distribution in excess of RM752.868 million would incur additional tax liability.

10. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's net profit for the year of RM400.664 million (2003: RM371.253 million) by the weighted average number of shares in issue of 528.572 million (2003: 490.623 million). The weighted average number of share in issue is calculated as follows:

	2004	2003
	'000	'000
Number of ordinary shares at 1 January	490,623	490,623
Effect of shares issued pursuant to Privatisation of FFM	37,949	-
Weighted average number of ordinary shares	<u>528,572</u>	<u>490,623</u>

Diluted earnings per share

In 2003, the diluted earnings per share was calculated by dividing the Group's net profit for that year, adjusted for the after tax effect on income that would result from the conversion of ordinary shares under options granted by a subsidiary company, PPB Oil Palms Berhad, pursuant to its ESOS, and 490.623 million shares in issue during 2003. The adjusted net profit is calculated as follows:

	2004	2003
	RM'000	RM'000
Net profit for the year	-	371,253
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit	-	(346)
Adjusted net profit for the year	<u>-</u>	<u>370,907</u>

The ESOS expired on 19 August 2003, and accordingly, there is no diluted earnings per shares for the current financial year.

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11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessels	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold	Long leasehold	Short leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Cost/Valuation								
At 1.1.2004								
- cost	332,708	901,768	385,144	1,219,293	132,775	85,888	83,336	3,140,912
- valuation	6,497	463,485	111,784	31,309	-	-	-	613,075
	339,205	1,365,253	496,928	1,250,602	132,775	85,888	83,336	3,753,987
Fair value								
adjustment *	33,373	18,314	33,401	21,285	-	-	-	106,373
Additions	262	80,648	3,648	38,361	9,374	10,471	108,701	251,465
Additions via acquisition								
of subsidiary								
company	-	824	-	489	2,560	120	-	3,993
Disposals - cost	(5,520)	(102)	(10,311)	(4,304)	(7,244)	(519)	(566)	(28,566)
Exchange adjustments								
- cost	-	(9,374)	(863)	(7,236)	(25)	(763)	(167)	(18,428)
Reclassifications								
- cost	(72)	(9,912)	31,535	46,743	1,101	3,156	(72,551)	-
- valuation	-	(8,566)	8,566	-	-	-	-	-
Transfer to development								
properties - cost	(6,729)	(17)	-	-	-	-	-	(6,746)
Write-offs								
- cost	-	(6,647)	(868)	(4,432)	(417)	(2,465)	-	(14,829)
- valuation	-	(1,113)	(112)	-	-	-	-	(1,225)
At 31.12.2004	360,519	1,429,308	561,924	1,341,508	138,124	95,888	118,753	4,046,024
- cost	354,022	975,502	441,686	1,310,199	138,124	95,888	118,753	3,434,174
- valuation	6,497	453,806	120,238	31,309	-	-	-	611,850
	360,519	1,429,308	561,924	1,341,508	138,124	95,888	118,753	4,046,024

* Fair value adjustment made following the acquisition of additional equity interest in an existing subsidiary company

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessels	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold	Long leasehold	Short leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Accumulated depreciation								
At 1.1.2004								
- cost	34,902	130,323	140,351	738,552	51,599	59,156	-	1,154,883
- valuation	189	38,850	52,714	26,223	-	-	-	117,976
	35,091	169,173	193,065	764,775	51,599	59,156	-	1,272,859
Charge for the year								
- cost	4,743	19,761	13,787	84,552	12,088	9,384	-	144,315
- valuation	-	4,543	3,867	3,064	-	-	-	11,474
Disposals - cost	-	(40)	(3,418)	(3,851)	(5,517)	(478)	-	(13,304)
Exchange adjustments								
- cost	-	(968)	(242)	(2,621)	(5)	(343)	-	(4,179)
Reclassifications								
- cost	-	(2,800)	2,799	1	-	-	-	-
- valuation	-	699	(699)	-	-	-	-	-
Transfer to development properties - cost								
	-	(3)	-	-	-	-	-	(3)
Write-offs								
- cost	-	(2,921)	(868)	(3,624)	(415)	(2,283)	-	(10,111)
- valuation	-	(238)	(66)	-	-	-	-	(304)
At 31.12.2004	39,834	187,206	208,225	842,296	57,750	65,436	-	1,400,747
- cost	39,645	143,352	152,409	813,009	57,750	65,436	-	1,271,601
- valuation	189	43,854	55,816	29,287	-	-	-	129,146
	39,834	187,206	208,225	842,296	57,750	65,436	-	1,400,747
Group								
Accumulated impairment losses								
At 1.1.2004								
- cost	-	916	-	1,504	-	124	-	2,544
- valuation	-	-	-	-	-	-	-	-
	-	916	-	1,504	-	124	-	2,544
Charge for the year								
- cost	-	462	-	-	-	-	-	462
At 31.12.2004	-	1,378	-	1,504	-	124	-	3,006
- cost	-	1,378	-	1,504	-	124	-	3,006
- valuation	-	-	-	-	-	-	-	-
	-	1,378	-	1,504	-	124	-	3,006

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessels	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold	Long	Short					
		leasehold	leasehold					
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value								
At 31.12.2004	320,685	1,240,724	353,699	497,708	80,374	30,328	118,753	2,642,271
- cost	314,377	830,772	289,277	495,686	80,374	30,328	118,753	2,159,567
- valuation	6,308	409,952	64,422	2,022	-	-	-	482,704
	320,685	1,240,724	353,699	497,708	80,374	30,328	118,753	2,642,271
Net book value								
At 31.12.2003	304,114	1,195,164	303,863	484,323	81,176	26,608	83,336	2,478,584
- cost	297,806	770,529	244,793	479,237	81,176	26,608	83,336	1,983,485
- valuation	6,308	424,635	59,070	5,086	-	-	-	495,099
	304,114	1,195,164	303,863	484,323	81,176	26,608	83,336	2,478,584
Depreciation charged for the year ended								
31.12.2003	4,412	24,008	15,465	83,285	10,706	7,534	-	145,410
<i>The net book value of revalued assets stated under the historical cost convention</i>								
At 31.12.2004	3,545	161,030	57,036	1,530	-	-	-	223,141
At 31.12.2003	3,545	164,182	58,680	2,383	-	-	-	228,790

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold	Long leasehold	Short leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
Cost/Valuation								
At 1.1.2004								
- cost	7,734	37,596	-	14,417	5,489	2,168	-	67,404
- valuation	-	21,423	-	-	-	-	-	21,423
	7,734	59,019	-	14,417	5,489	2,168	-	88,827
Additions	-	428	-	222	789	401	101	1,941
Disposals - cost	(2,991)	-	-	-	(1,769)	(8)	-	(4,768)
Write-offs - cost	-	(81)	-	(87)	(25)	(46)	-	(239)
At 31.12.2004	4,743	59,366	-	14,552	4,484	2,515	101	85,761
- cost	4,743	37,943	-	14,552	4,484	2,515	101	64,338
- valuation	-	21,423	-	-	-	-	-	21,423
	4,743	59,366	-	14,552	4,484	2,515	101	85,761
Accumulated depreciation								
At 1.1.2004								
- cost	-	14,895	-	13,268	4,188	1,720	-	34,071
- valuation	-	6,210	-	-	-	-	-	6,210
	-	21,105	-	13,268	4,188	1,720	-	40,281
Charge for the year								
- cost	-	1,067	-	505	503	235	-	2,310
- valuation	-	84	-	-	-	-	-	84
Disposals - cost	-	-	-	-	(1,379)	(7)	-	(1,386)
Write-offs - cost	-	(80)	-	(86)	(25)	(46)	-	(237)
At 31.12.2004	-	22,176	-	13,687	3,287	1,902	-	41,052
- cost	-	15,882	-	13,687	3,287	1,902	-	34,758
- valuation	-	6,294	-	-	-	-	-	6,294
	-	22,176	-	13,687	3,287	1,902	-	41,052
Net book value								
At 31.12.2004	4,743	37,190	-	865	1,197	613	101	44,709
- cost	4,743	22,061	-	865	1,197	613	101	29,580
- valuation	-	15,129	-	-	-	-	-	15,129
	4,743	37,190	-	865	1,197	613	101	44,709

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land and buildings			Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold	Long leasehold	Short leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value								
At 31.12.2003	7,734	37,914	-	1,149	1,301	448	-	48,546
- cost	7,734	22,701	-	1,149	1,301	448	-	33,333
- valuation	-	15,213	-	-	-	-	-	15,213
	7,734	37,914	-	1,149	1,301	448	-	48,546
Depreciation charged for the year ended								
31.12.2003	-	1,246	-	389	483	270	-	2,388
<i>The net book value of revalued assets stated under the historical cost convention</i>								
At 31.12.2004	-	3,653	-	-	-	-	-	3,653
At 31.12.2003	-	3,715	-	-	-	-	-	3,715

Included in additions to property, plant and equipment during the financial year are the following expenses capitalised:	Group	
	2004 RM'000	2003 RM'000
Interest expense	831	150
Depreciation	4,378	3,686

Included in property, plant and equipment are assets acquired under unexpired hire purchase arrangements with net book value as follows:

Plant, machinery and equipments	218	164
Motor vehicles	2,517	516
Furniture, fittings, office and other equipments	117	-

Title deeds to certain of the Group's land and buildings with net book value of RM95.111 million (2003: RM95.201 million) have yet to be issued by the relevant authorities.

Certain long leasehold and short leasehold land and buildings of the Group with net book value of RM5.670 million (2003: RM4.834 million) have been charged to partially secure the SGD denominated loan referred to in note 35 below.

The property, plant and equipment stated at valuation were revalued by the directors based on independent professional valuations carried out in 1974, 1980, 1981, 1982 and 1995 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment, and accordingly, the carrying amounts of the revalued property, plant and equipment have been retained on the basis of these valuations as though they have never been revalued.

12. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 January 2004	-	263	16,416	16,679
Transfer from property, plant and equipment (see note 11)	3,927	-	-	3,927
Transfer to property development costs (see note 21)	-	-	(8,969)	(8,969)
Additions	-	-	1,054	1,054
At 31 December 2004	3,927	263	8,501	12,691
At 1 January 2003	-	263	14,554	14,817
Additions	-	-	1,862	1,862
At 31 December 2003	-	263	16,416	16,679

13. INTANGIBLE ASSET

	Group	
	2004 RM'000	2003 RM'000
Goodwill on acquisition of subsidiary companies		
Cost		
At 1 January	48,267	48,671
Arising from acquisitions during the year	2,335	2,227
Impaired goodwill written off	(308)	(2,631)
At 31 December	50,294	48,267
Accumulated amortisation		
At 1 January	13,488	11,578
Amortisation for the year	2,119	1,962
Written off	-	(52)
At 31 December	15,607	13,488
Net book value at 31 December	34,687	34,779

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM'000	2003 RM'000
Shares quoted in Malaysia at cost	432,129	695,151
Unquoted shares at cost	1,430,773	322,343
Unquoted shares at valuation	5,377	5,377
	1,868,279	1,022,871
Impairment loss on unquoted shares	(4,422)	(4,422)
	1,863,857	1,018,449
Market value of quoted shares	815,298	1,737,456

14. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

During the financial year, the Company privatised a quoted subsidiary company, namely, FFM Berhad ("FFM") by acquiring the remaining FFM shares not already owned by the Company by way of a members' scheme of arrangement under Section 176 of the Companies Act ("Privatisation of FFM"), for a consideration satisfied by the issuance of 102,126,817 ordinary shares of RM1 each in the Company and a cash consideration of RM2.00 per FFM share. Upon completion of the Privatisation of FFM, FFM was delisted from the main board of Bursa Malaysia Securities Berhad, and accordingly, the investment in FFM has been reclassified as unquoted shares in the current financial year.

The unquoted shares shown at valuation were revalued by the directors in 1981 based on the underlying net assets of the subsidiary company concerned. The 1981 valuation was a one-off exercise. It has never been the Group's policy to carry out regular revaluations of its investment in subsidiary companies and accordingly, the carrying amount of the revalued investment has been retained on the basis of this one-off revaluation as though it has never been revalued.

The subsidiary companies are listed in note 54.

15. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	205,833	160,558	50,983	50,958
Group's share of post-acquisition reserves and retained profits less losses	392,908	375,110	-	-
	598,741	535,668	50,983	50,958

The equity interest in associated companies is represented by:

Share of net assets of associated companies other than goodwill	587,070	560,964
Premium less discount on acquisition	11,671	(25,296)
	598,741	535,668

The associated companies are listed in note 55.

16. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group	
	2004	2003
	RM'000	RM'000
Capital contribution, at cost	38,897	27,547
Group's share of retained profits less losses	(30)	-
	38,867	27,547

The equity interest in jointly controlled entities is represented by:

Share of net assets of jointly controlled entities	38,867	27,547
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16. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (continued)

The Group's share of the assets, liabilities and results of the jointly controlled entities are as follows:

	Group	
	2004 RM'000	2003 RM'000
<i>Assets and liabilities</i>		
Non-current assets	38,897	27,547
Current assets	268	9
Current liabilities	(298)	(9)
Net assets	<u>38,867</u>	<u>27,547</u>
<i>Results</i>		
Revenue	260	11
Cost of sales	(290)	(59)
Gross loss	(30)	(48)
Other operating income	-	10
Net loss for the year	<u>(30)</u>	<u>(38)</u>

The unincorporated jointly controlled entities have no material contingencies and capital commitments at year end.

The amounts due from jointly controlled entities represent trade accounts which are unsecured and interest free. The normal credit terms range from 60 days to 120 days.

The jointly controlled entities are listed in note 56.

17. OTHER INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Shares quoted in Malaysia at cost	221,141	205,753	35,936	35,936
Diminution in value	(403)	(2,960)	(61)	(61)
	<u>220,738</u>	<u>202,793</u>	<u>35,875</u>	<u>35,875</u>
Shares quoted outside Malaysia at cost	220,073	188,627	98,379	98,379
Diminution in value	(2,763)	(4,781)	-	-
	<u>217,310</u>	<u>183,846</u>	<u>98,379</u>	<u>98,379</u>
Unquoted shares at cost	16,772	27,959	14,815	14,815
Diminution in value	(2,500)	(2,500)	(2,500)	(2,500)
	<u>14,272</u>	<u>25,459</u>	<u>12,315</u>	<u>12,315</u>
	<u>452,320</u>	<u>412,098</u>	<u>146,569</u>	<u>146,569</u>
Market values of shares				
- quoted in Malaysia	419,321	290,705	21,634	23,231
- quoted outside Malaysia	299,209	203,403	130,469	85,566
	<u>718,530</u>	<u>494,108</u>	<u>152,103</u>	<u>108,797</u>

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18. DEFERRED TAX ASSETS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At beginning of the year	7,450	9,042	-	-
Exchange translation differences	(132)	715	-	-
Arising from acquisition of subsidiary companies	234	38	-	-
Reversal during the year	(298)	(2,345)	-	-
At end of the year	<u>7,254</u>	<u>7,450</u>	<u>-</u>	<u>-</u>

The Group has recognised the deferred tax assets based on its current level of operations of certain subsidiary companies and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

The deferred tax assets on temporary differences recognised in the financial statements were as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Tax effects of				
- Unabsorbed tax losses	16,801	20,274	-	-
- Unabsorbed capital allowances	17,770	18,581	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	(27,320)	(30,124)	-	-
- Revaluation of land and buildings	-	(1,286)	-	-
- Other temporary differences	3	5	-	-
	<u>7,254</u>	<u>7,450</u>	<u>-</u>	<u>-</u>

In addition to the above, deferred tax benefits not recognised in the financial statements were as follows:

Unabsorbed tax losses	31,338	20,856	-	-
Unabsorbed capital allowances	1,810	1,652	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(483)	(447)	-	-
Other temporary differences	20	58	-	-
	<u>32,685</u>	<u>22,119</u>	<u>-</u>	<u>-</u>

19. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES

Amounts due from subsidiary companies included under non-current assets

The amounts due from subsidiary companies included under non-current assets represent unsecured advances not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	2004	2003
	RM'000	RM'000
Bearing interest at 2.73% (2003: 2.80%)	51,477	35,820
Interest free	7,832	30,440
	<u>59,309</u>	<u>66,260</u>

19. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES (continued)

Amounts due from subsidiary companies included under current assets

The amounts due from subsidiary companies included under current assets represent unsecured interest free advances which are payable on demand.

Amounts due to subsidiary companies included under current liabilities

The amounts due to subsidiary companies included under current liabilities represent unsecured advances which are payable on demand and are analysed as follows:

	Company	
	2004	2003
	RM'000	RM'000
Bearing interest at 2.82%	7,520	-
Bearing interest at 2.72%	84,389	-
Interest free	17,929	7,849
	<u>109,838</u>	<u>7,849</u>

20. INVENTORIES

	<----- 2004 ----->			<----- 2003 ----->		
	At net realisable			At net realisable		
Group	At cost RM'000	value RM'000	Total RM'000	At cost RM'000	value RM'000	Total RM'000
Raw materials	466,974	1,183	468,157	377,690	-	377,690
Work-in-progress	26,059	-	26,059	19,336	225	19,561
Finished goods	173,586	197,368	370,954	135,515	202,161	337,676
Sundry stores and consumables	67,206	990	68,196	60,146	1,264	61,410
Livestock	9,076	-	9,076	6,196	100	6,296
Unharvested cane crop	8,162	-	8,162	7,796	-	7,796
	<u>751,063</u>	<u>199,541</u>	<u>950,604</u>	<u>606,679</u>	<u>203,750</u>	<u>810,429</u>

	<----- 2004 ----->			<----- 2003 ----->		
	At net realisable			At net realisable		
Company	At cost RM'000	value RM'000	Total RM'000	At cost RM'000	value RM'000	Total RM'000
Unharvested cane crop	8,162	-	8,162	7,796	-	7,796
Sundry stores and consumables	2,879	-	2,879	2,816	-	2,816
	<u>11,041</u>	<u>-</u>	<u>11,041</u>	<u>10,612</u>	<u>-</u>	<u>10,612</u>

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21. PROPERTY DEVELOPMENT COSTS

	Group	
	2004	2003
	RM'000	RM'000
Freehold land		
- at cost	8,604	18,083
- at valuation	1,156	-
Development and construction costs	82,771	107,217
Costs recognised as an expense in income statement in previous years	(59,621)	(80,509)
At 1 January	32,910	44,791
Costs transferred from:		
- property, plant and equipment (see note 11)		
- freehold land, at cost	2,802	-
- freehold land, at valuation	-	1,156
- leasehold land, at cost	14	-
- land held for property development (see note 12)	8,969	-
Costs incurred during the year		
- development costs	38,853	64,473
	50,638	65,629
Costs recognised as an expense in income statement in current year	(48,982)	(69,497)
Transferred to inventories	(15,847)	(8,013)
At 31 December	18,719	32,910

22. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2004	2003
	RM'000	RM'000
Aggregate contract expenditure incurred to-date	377,972	315,664
Attributable profit recognised to-date	30,605	25,588
	408,577	341,252
Progress billings to-date	(399,796)	(336,537)
	8,781	4,715
Gross amount due from customers	11,926	10,735
Gross amount due to customers	(3,145)	(6,020)
	8,781	4,715
Progress billings comprise:		
Progress billings received	376,676	318,664
Progress billings receivable	18,683	15,892
Retention sums	4,437	1,981
	399,796	336,537

22. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS (continued)

Advances received for contract work not yet performed by the Group included under:

	Group	
	2004	2003
	RM'000	RM'000
- amounts owing to associated companies (see note 25)	937	6,431
- other payables (see note 29)	-	1,000
	<u>937</u>	<u>7,431</u>

23. TRADE RECEIVABLES

	Group	
	2004	2003
	RM'000	RM'000
Related parties other than associated companies	89,456	26,666
Others	420,899	407,183
	<u>510,355</u>	<u>433,849</u>
Allowance for doubtful debts	(12,161)	(10,089)
	<u>498,194</u>	<u>423,760</u>

The currency exposure profile of trade receivables is as follows:

	Group	
	2004	2003
	RM'000	RM'000
- RM	401,873	339,540
- USD	78,358	63,290
- GBP	77	-
- SGD	13,263	15,697
- EUR	358	944
- INR	-	22
- IDR	1,248	404
- HKD	362	405
- JPY	383	-
- VND	2,272	3,458
	<u>498,194</u>	<u>423,760</u>

Credit terms granted to customers normally range from 7 to 60 days. For major established customers, the credit terms may be extended to 120 days based on the discretion of the management.

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24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Other receivables	49,367	52,363	6,631	6,872
Interest receivables	342	223	-	219
Surplus assets yet to be distributed by subsidiary companies under liquidation	354	2,388	-	-
Proceeds from disposal of property, plant and equipment	-	3,574	-	-
	50,063	58,548	6,631	7,091
Allowance for doubtful debts	(2,038)	(1,115)	(67)	(67)
	48,025	57,433	6,564	7,024
Deposits held by				
- associated companies of Kuok Brothers Sdn Bhd, a major shareholder of the Company				
- Pelangi Berhad	255	389	-	-
- Jerneh Insurance Berhad	250	250	69	69
- others	6,499	7,124	83	87
Margin deposits with Malaysian Derivatives Clearing House Berhad	975	14,041	-	-
Deposits for purchase of property, plant and equipment	598	760	-	-
	8,577	22,564	152	156
Prepayments	14,799	4,788	352	168
	71,401	84,785	7,068	7,348

The currency exposure profile of other receivables, deposits and prepayment are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- RM	57,894	70,294	7,068	7,348
- AUD	6	-	-	-
- USD	1,085	4,180	-	-
- SGD	400	141	-	-
- EUR	2	-	-	-
- IDR	11,578	8,794	-	-
- HKD	2	-	-	-
- CNY	91	-	-	-
- VND	343	1,376	-	-
	71,401	84,785	7,068	7,348

25. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES

Amounts due from associated companies included under current assets

The amounts due from associated companies included under current assets are unsecured and are analysed as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade balances	154,643	149,195	3,892	2,995
Advances				
- bearing interest at 3.73% (2003: 3.80%)	2,832	2,727	2,832	2,727
- bearing interest at 5.45%	-	1,507	-	-
- interest free	82,040	16,667	79,043	13,663
	239,515	170,096	85,767	19,385

The trade balances are expected to be settled within the normal credit periods. The advances are payable on demand.

The currency exposure profile of the amounts due from associated companies is as follows:

- RM	99,155	33,311	85,767	19,385
- USD	140,141	136,407	-	-
- SGD	219	378	-	-
	239,515	170,096	85,767	19,385

Amounts due to associated companies included under current liabilities

The amounts due to associated companies included under current liabilities are unsecured and are analysed as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade balances	69,491	51,412	-	-
Contract advances received (see note 22)	937	6,431	-	-
Interest free advances	5,465	568	58	50
	75,893	58,411	58	50

The trade balances are expected to be settled within the normal credit periods. The advances are payable on demand.

The currency exposure profile of the amounts due to associated companies is as follows:

- RM	50,766	30,464	58	50
- USD	25,126	27,944	-	-
- SGD	1	3	-	-
	75,893	58,411	58	50

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26. DEPOSITS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks				
- in Malaysia	135,671	417,862	-	85,113
- outside Malaysia	78,440	117,604	-	-
Deposits with other financial institutions in Malaysia	235,473	140,938	1,707	8,637
	<u>449,584</u>	<u>676,404</u>	<u>1,707</u>	<u>93,750</u>

The currency exposure profile of deposits is as follows:

- RM	367,786	558,421	1,707	93,750
- USD	14,190	115,698	-	-
- GBP	-	10	-	-
- EUR	27,452	-	-	-
- AUD	26,636	-	-	-
- IDR	13,520	2,275	-	-
	<u>449,584</u>	<u>676,404</u>	<u>1,707</u>	<u>93,750</u>

The effective interest rates range from 0.50% to 5.0% (2003: 0.77% to 3.20%). All the deposits have maturities of less than one year.

27. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM12.362 million (2003: RM4.680 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 2.0% to 3.2% (2003: 2.0% to 3.2%).

The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- RM	54,747	36,604	634	521
- AUD	17,156	-	-	-
- USD	5,427	7,395	-	-
- SGD	279	100	-	-
- EUR	221	-	-	-
- IDR	2,406	79	-	-
- HKD	581	609	-	-
- VND	483	3,121	-	-
- CNY	6,784	266	-	-
- JPY	1	1	-	-
- PHP	59	-	-	-
	<u>88,144</u>	<u>48,175</u>	<u>634</u>	<u>521</u>

28. TRADE PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Related parties other than subsidiary and associated companies	5,381	1,813	-	-
Others	276,515	294,482	1,441	1,105
	281,896	296,295	1,441	1,105

The currency exposure profile of trade payables is as follows:

- RM	231,839	265,489	1,441	1,105
- AUD	37	-	-	-
- USD	36,928	17,924	-	-
- SGD	5,194	3,646	-	-
- EUR	1,741	1,619	-	-
- CHF	18	-	-	-
- JPY	3,031	2,614	-	-
- VND	99	95	-	-
- IDR	2,872	4,888	-	-
- HKD	78	1	-	-
- THB	59	19	-	-
	281,896	296,295	1,441	1,105

The normal credit terms extended by suppliers range from 30 to 60 days. Retention sums for construction contracts are payable upon the expiry of the defect liability period of the respective construction contracts. The defect liability periods of construction contracts are between 12 and 24 months.

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Part consideration received for the proposed disposal of other investments	6,853	-	6,853	-
Other payables	79,990	107,283	1,140	726
Unpaid property, plant and equipment acquired	4,991	16,016	108	120
Accruals	81,953	72,574	917	816
Contract advances received (see note 22)	-	1,000	-	-
Tenants and other deposits	5,698	5,303	160	89
	179,485	202,176	9,178	1,751

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29. OTHER PAYABLES AND ACCRUALS (continued)

The currency exposure profile of other payables and accruals are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- RM	157,468	161,859	9,178	1,704
- USD	2,976	8,511	-	-
- SGD	1,198	5,810	-	-
- EUR	6	127	-	-
- IDR	9,056	3,117	-	-
- HKD	8,172	4,386	-	-
- GBP	-	17,280	-	-
- JPY	25	-	-	-
- VND	468	1,026	-	-
- THB	-	47	-	47
- CNY	116	13	-	-
	179,485	202,176	9,178	1,751

30. HIRE PURCHASE LIABILITIES

	Group	
	2004	2003
	RM'000	RM'000
Outstanding hire purchase instalments due:		
- not later than one year	990	244
- later than one year but not later than five years	769	146
	1,759	390
Unexpired term charges	(127)	(25)
Outstanding principal amount due	1,632	365
Outstanding principal amount due not later than one year (included under current liabilities)	899	228
Outstanding principal amount due later than one year but not later than five years	733	137

The effective interest rates of the hire purchase liabilities are between 3.2% and 5.3% (2003: 3.5% and 7.3%) per annum.

The currency exposure profile of the outstanding principal amount due is as follows:

	Group	
	2004	2003
	RM'000	RM'000
- RM	1,572	301
- SGD	60	64
	1,632	365

31. SHORT TERM BORROWINGS

	Group	
	2004	2003
	RM'000	RM'000
<i>Secured:</i>		
Current portion of long term bank loans (see note 35)	326	374
<i>Unsecured:</i>		
Bankers' acceptance	215,716	272,963
Revolving credits	31,500	69,700
Bank term loans	100,419	29,082
Current portion of long term bank loans (see note 35)	536	9,653
	348,497	381,772

The currency exposure profile of short term borrowings is as follows:

- RM	247,557	342,663
- USD	89,431	28,911
- SGD	521	374
- VND	8,692	9,824
- CNY	2,296	-
	348,497	381,772

The borrowings bear interest at commercial rates which vary according to inter-bank offer or base lending rates, depending on the nature and purpose of the borrowings.

The effective interest rates for the unsecured short term borrowings are as follows:

	Group	
	2004	2003
	%	%
Bankers' acceptance	2.80 - 7.25	2.86 - 6.75
Revolving credits	3.50 - 4.60	3.30 - 3.50
Bank term loans	1.70 - 7.50	2.95 - 6.75

32. BANK OVERDRAFTS (UNSECURED)

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable were between 5.25% and 7.75% (2003: between 5.25% and 7.50%).

The currency exposure profile of the bank overdrafts is as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
- RM	7,030	7,282	996	-
- SGD	1,806	1,660	-	-
	8,836	8,942	996	-

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33. SHARE CAPITAL

	<----- 2004 ----->		<----- 2003 ----->	
	Number of shares		Number of shares	
	'000	RM'000	'000	RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning of the year	500,000	500,000	500,000	500,000
Created during the year	500,000	500,000	500,000	500,000
At end of the year	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
Ordinary shares of RM1 each				
At beginning of the year	490,623	490,623	490,623	490,623
Shares issued pursuant to Privatisation of FFM	102,127	102,127	-	-
At end of the year	<u>592,750</u>	<u>592,750</u>	<u>490,623</u>	<u>490,623</u>

34. NON-DISTRIBUTABLE RESERVES

	Group	
	2004	2003
	RM'000	RM'000
Revaluation reserve	164,674	88,354
Exchange translation reserve	31,024	36,758
Capital reserve	152,282	144,030
	<u>347,980</u>	<u>269,142</u>
<i>Details of capital reserve are as follows:</i>		
Share of capital reserves of associated companies	62,097	53,845
Share premium of subsidiary companies arising from shares issued to minority shareholders	69,051	69,051
Transferred from unappropriated profit arising from:		
- bonus issue of subsidiary companies	1,946	1,946
- gain from disposal of landed properties	19,188	19,188
	<u>152,282</u>	<u>144,030</u>

35. LONG TERM BANK LOANS

	Group	
	2004	2003
	RM'000	RM'000
<i>Secured:</i>		
SGD denominated loan bearing interest at 4.5% (1st year), 4.75% (2nd year), 0.25% above the bank's prime rate (3rd year) and 0.50% above the bank's prime rate (4th year onwards), respectively, (effective interest rate at 31 December: 5.25% (2003: 4.75%)), repayable by 120 monthly instalments commencing May 2002	2,972	3,109
<i>Unsecured:</i>		
USD denominated loan bearing interest at 0.70% above Singapore Interbank Offer Rate ("SIBOR") (effective interest rate: nil% (2003: 1.81%)) repayable in full at the end of 3 years from the date of first draw down	-	34,649
USD denominated loan bearing interest at 0.63% above SIBOR (effective interest rate: nil% (2003: 1.74%)) repayable in full at the end of 3 years from the date of first draw down	-	5,890
USD denominated loan bearing interest at 0.90% above SIBOR (effective interest rate: nil% (2003: 2.01%)) repayable by 7 half yearly instalments commencing August 2003	-	29,961
USD denominated loan bearing interest at 0.60% above SIBOR (effective interest rate: 2.64% (2003: 1.23%)) repayable in full at the end of 3 years from the date of first draw down	30,917	19,258
USD denominated loan bearing interest at 0.55% above SIBOR (effective interest rate: 2.41%), the loan limit is to be reduced by USD3.5 million per year in 2005, 2006 and 2007 and repayable in full by 31 December 2009	53,139	-
USD denominated loan bearing interest at 0.50% above SIBOR (effective interest rate: 2.56%) repayable in full at the end of 5 years from the date of first draw down	25,120	-
CNY denominated loan bearing interest at 5.76%, repayable in full on 10 July 2014	22,502	-
RM denominated loan bearing interest at 0.75% above the bank's cost of fund (effective interest rate: 3.45% (2003: 3.60%)) repayable by 8 instalments commencing 31 December 2002	550	900
RM denominated loan bearing interest at 0.50% above the bank's cost of fund (effective interest rate: 3.20%) repayable by 4 instalments commencing 9 March 2006	9,680	-
RM denominated loan bearing interest at 4.75% repayable by 20 quarterly instalments commencing on the 3rd month from the date of the first draw down	5,000	-
	149,880	93,767
Repayments due within the next 12 months included under short term borrowings (see note 31)		
- secured	(326)	(374)
- unsecured	(536)	(9,653)
Repayments due after 12 months	149,018	83,740

The SGD denominated loan amounting to RM2.972 million (2003: RM3.109 million) is secured over the short leasehold property of the Group as indicated in note 11 above.

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36. DEFERRED INCOME

	Group	
	2004	2003
	RM'000	RM'000
Discount on acquisition of subsidiary companies		
Cost		
At 1 January	14,906	13,293
Arising from acquisitions during the year	13,971	2,378
Written off on annual review	(9)	(765)
At 31 December	28,868	14,906
Accumulated amortisation		
At 1 January	2,673	2,106
Amortisation for the year	786	580
Written off	-	(13)
At 31 December	3,459	2,673
Net book value at 31 December	25,409	12,233

37. DEFERRED TAX LIABILITIES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At 1 January	256,080	241,175	5,965	3,931
Exchange translation differences	(59)	-	-	-
Arising from fair value adjustment following an increase in the percentage of shareholding in a subsidiary company	19,730	15	-	-
Arising from acquisition of subsidiary companies	15	4,025	-	-
Transfer from/(to) income statement	10,901	10,865	(43)	2,034
At 31 December	286,667	256,080	5,922	5,965

The deferred tax liabilities on temporary differences recognised in the financial statements were as follows:

Tax effects of

- Excess of capital allowances over accumulated depreciation on property, plant and equipment	242,861	230,964	417	507
- Surplus on revaluation of land and buildings	95,289	80,122	3,220	3,275
- Unabsorbed capital and agriculture allowances	(20,029)	(27,636)	-	-
- Unabsorbed tax losses	(33,173)	(28,670)	-	-
- Unharvested cane crop	2,285	2,183	2,285	2,183
- Other temporary differences	(566)	(883)	-	-
	286,667	256,080	5,922	5,965

38. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2004 RM'000	2003 RM'000
Effect of issue of shares pursuant to PPB Oil Palms Berhad's ESOS on:		
- Revaluation reserve	-	(495)
- Capital reserve	-	586
- Exchange translation reserve	-	2
- Unappropriated profit	-	(998)
Effect of issue of shares at a premium by an associated company		
- Capital reserve	11,464	-
- Unappropriated profit	(1,912)	-
	9,552	(905)

39. DIVIDENDS

	2004 RM'000	2003 RM'000
<i>In respect of the year ended 31 December 2002</i>		
Final dividend of 12.5 sen comprising 5 sen tax exempt and 7.5 sen less 28% income tax	-	51,025
<i>In respect of the year ended 31 December 2003</i>		
Interim dividend of 9 sen comprising 4 sen tax exempt and 5 sen less 28% income tax	-	37,287
Final dividend of 16 sen comprising 5 sen tax exempt and 11 sen less 28% income tax	63,388	-
	63,388	37,287
<i>In respect of the year ended 31 December 2004</i>		
First interim dividend of 10 sen comprising 5 sen tax exempt and 5 sen less 28% income tax	50,977	-
Second interim dividend of 10 sen less 28% income tax	42,678	-
	157,043	88,312

Subsequent to 31 December 2004, the directors recommended the payment of a final dividend of 10 sen comprising 2.5 sen tax exempt and 7.5 sen less 28% income tax amounting to RM46.827million.

40. ACQUISITIONS OF SHARES IN NEW SUBSIDIARY COMPANIES

The new subsidiary companies acquired during 2004 were Sitaclean Technologies (M) Sdn Bhd, Sitamas Environmental Systems Sdn Bhd, Beijing CQ Environmental Management Consultancy Services Co Ltd, Volac Ingredients Sdn Bhd, Sri Aman Feedmills Sdn Bhd (*formerly known as Sunrise Ridge Sdn Bhd*), Alam Palm Plantations Sdn Bhd, PT Sarana Titian Permata, PT Karunia Kencana Permaisejati, PT Bumi Sawit Kencana, Dexas Investments Limited, Ferro Group Limited, Rimkus Limited, Fontille Overseas Ltd and Trade Alpha Limited.

The new subsidiary companies acquired during 2003 were Jasa Karya Sdn Bhd, Sekar Imej Sdn Bhd, Suburmas Palm Oil Mill Sdn Bhd, PT Kerry Sawit Indonesia, Glitters Café Sdn Bhd, Beijing Kerry Veolia Waste Water Treatment Company Ltd, Conwaste Disposal Services (P. Pinang) Sdn Bhd and Keen Trade Limited.

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40. ACQUISITIONS OF SHARES IN NEW SUBSIDIARY COMPANIES (continued)

	Group	
	2004	2003
	RM'000	RM'000
<i>Analysis of acquisition of shares in new subsidiary companies</i>		
Non-current assets	4,227	26,887
Current assets	10,441	11,866
Current liabilities	(2,914)	(10,937)
Non-current liabilities	(944)	(4,025)
Minority interests	129	1,087
Fair value of attributable assets acquired	10,939	24,878
Less: previously equity accounted for	(5,368)	-
Goodwill on acquisition	2,033	2,227
Reserve on acquisition	(121)	-
Total purchase consideration	7,483	27,105
Less: Cash and cash equivalents acquired	(2,046)	(11,704)
Net cash paid during the year	5,437	15,401

The effects of the acquisitions of the new subsidiary companies on the consolidated financial results for the year in which the acquisition took place and on the consolidated financial position as at the end of the year were as follows:

	Group	
	2004	2003
	RM'000	RM'000
<i>Income statement</i>		
Revenue	22,219	1,618
Cost of sales	(15,273)	(1,088)
Gross profit	6,946	530
Other operating income	928	540
Distribution expenses	(593)	(254)
Administrative and general expenses	(4,702)	(1,134)
Profit/(Loss) from operations	2,579	(318)
Finance costs	(320)	-
Profit/(Loss) before taxation	2,259	(318)
Taxation	(835)	556
Profit after taxation	1,424	238
Minority interest	(886)	(65)
Group's share of net profit	538	173

Balance sheet

Non-current assets	9,567	51,820
Current assets	2,265	20,025
Current liabilities	(2,388)	(23,023)
Non-current liabilities	(5,714)	-
Minority interests	(2,371)	(17,212)
Group's share of net assets	1,359	31,610

41. DISPOSAL OF SHARES IN A SUBSIDIARY COMPANY

The subsidiary company disposed of during 2004 was Quantum Plastic Industries Pte Ltd ("QPIPL").

There were no disposal of subsidiary companies in 2003.

The analysis of the disposal of QPIPL is as follows:

	Group 2004 RM'000
Current assets	116
Current liabilities	(45)
Share of net assets disposed of	71
Loss on disposal of subsidiary company	(15)
Total sale consideration	56
Less: Cash and cash equivalents disposed of	-
Net cash inflow during the year	56

The effects of the disposal of QPIPL on the consolidated financial results for the financial year and the consolidated financial position as at 31 December 2004 and 2003 are as follows:

	Group 2004 RM'000	2003 RM'000
<i>Income statement</i>		
Other operating income	1	59
Administrative and general expenses	-	(40)
Profit from operations	1	19
Finance cost	(1)	(2)
Profit before taxation	-	17
Taxation	-	(1)
Profit after taxation	-	16
Minority interest	-	(7)
Decrease in Group's net profit	-	9
<i>Balance sheet</i>		
Current assets	116	84
Current liabilities	(45)	(13)
Minority interest	(32)	(32)
Group's share of net assets	39	39

42. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2004 RM'000	2003 RM'000	Company 2004 RM'000	2003 RM'000
Property, plant and equipment acquired	251,465	223,711	1,941	2,868
Interest expense capitalised	(831)	(150)	-	-
Depreciation capitalised	(4,378)	(3,686)	-	-
Financed via hire purchase arrangement	(691)	(328)	-	-
Deposits paid in prior year	(760)	-	-	-
Deposits paid in current year	598	-	-	-
Cash paid in respect of prior year	16,016	-	120	-
Unpaid balance included under other payables	(4,991)	(16,016)	(108)	(120)
Cash paid	256,428	203,531	1,953	2,748

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43. LIQUIDATION OF SUBSIDIARY COMPANIES

The subsidiary companies liquidated during 2004 were Leisure Bowl Centres Sdn Bhd, Film Allied Services Sdn Bhd and Stenmark Investments Inc.

The subsidiary companies liquidated during 2003 were Narwa Sdn Bhd and Tri-Electro Sdn Bhd.

The analysis of the liquidations are as follows:

	Group	
	2004	2003
	RM'000	RM'000
Total surplus assets and capital receivable from companies liquidated during the year	8	1,566
Additional distribution by companies liquidated in prior years	31	315
	<u>39</u>	<u>1,881</u>
Less:		
Cost of investment	(104)	(3,061)
Post-acquisition loss previously consolidated	96	1,405
Realisation of exchange fluctuation reserve	131	-
Surplus from liquidation	<u>162</u>	<u>225</u>

44. RELATED PARTIES

Significant related party transactions during the financial year were as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with subsidiary companies</i>				
Interest received and receivable	-	-	1,142	992
Interest paid and payable	-	-	953	-
Rental income	-	-	420	420
Registration fee paid and payable	-	-	50	41
Sale of shares in a subsidiary company	-	-	26,506	4,289
Purchase of shares in a subsidiary company	-	-	47,447	-
Sale of property, plant and equipment	-	-	-	90
Purchase of property, plant and equipment	-	-	230	-
Management fee received	-	-	554	319
<i>Transactions with associated companies</i>				
Sales to				
Kuok Oils & Grains Pte Ltd ("KOGS")	3,573,114	4,815,111	-	-
Kilang Gula Felde Perlis Sdn Bhd	32,463	36,474	32,093	36,246
Konsortium Abass Sdn Bhd	56,284	38,725	-	-
Lahad Datu Edible Oils Sdn Bhd	130,427	43,012	-	-
Interest received from				
Vita Tenggara Fruit Industries Sdn Bhd	105	103	105	103
Saratok Palm Oil Mill Sdn Bhd	-	397	-	-
Cipta Quantum Sdn Bhd	67	73	-	-
Interest paid and payable to				
Golden Screen Film Distribution Co Sdn Bhd	7	3	-	-

44. RELATED PARTIES (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Management fee received from				
Konsortium Abass Sdn Bhd	180	180	-	-
Saratok Palm Oil Mills Sdn Bhd	447	769	-	-
Sitamas Environmental Systems Sdn Bhd	-	406	-	-
Golden Access Pte Ltd	120	120	-	-
Rental of premises received from				
Cipta Quantum Sdn Bhd	31	-	-	-
Kerry Leisure Concepts Sdn Bhd	212	212	-	-
Commission received from				
KOGS	979	1,062	-	-
Lahad Datu Edible Oils Sdn Bhd	140	111	-	-
Engineering services rendered to				
Saratok Palm Oil Mill Sdn Bhd	-	397	-	-
Purchases from				
Agri-Sabah Fertilizer Sdn Bhd	9,797	15,456	-	-
KOGS	567,546	329,878	-	-
Lahad Datu Edible Oils Sdn Bhd	1,383,046	1,128,416	-	-
Saratok Palm Oil Mill Sdn Bhd	1,002	998	-	-
Rental of premises paid to Ancom-Chemquest	120	120	-	-
Lease rental paid to Ancom-Chemquest	117	224	-	-
Maintenance fee charged by				
Sitamas Environment Systems Sdn Bhd	-	16	-	-

Non-trade balances with associated companies as at 31 December were as follows:

Balance of advances owing by:

Agri-Sabah Fertilizer Sdn Bhd	-	1	-	1
Berjaya-GSC Sdn Bhd	3	-	-	-
Cipta Quantum Sdn Bhd	200	1,917	-	-
Global Entertainment and Management Systems Sdn Bhd	3,461	3,461	3,461	3,461
Golden Access Pte Ltd	216	378	-	-
Grenfell Holdings Sdn Bhd	894	-	-	-
Kerry Leisure Concepts Sdn Bhd	-	1	-	1
KOGS	193	469	-	-
Lahad Datu Edible Oils Sdn Bhd	53	-	-	-
Saratok Palm Oil Mill Bhd	183	42	-	-
Shaw Brothers (M) Sdn Bhd	5,100	10,200	5,100	10,200

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44. RELATED PARTIES (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sitamas Environment Systems Sdn Bhd	-	52	-	-
Trinity Coral Sdn Bhd	70,481	-	70,481	-
Vita Tenggara Fruit Industries Sdn Bhd	2,833	2,727	2,833	2,727
Wisma Perak Sdn Bhd	1,255	1,070	-	-
Worldwide Landfills Sdn Bhd	-	583	-	-
Balance of advances owing to:				
Golden Screen Film Distribution Co. Sdn Bhd	191	188	-	-
Kilang Gula Felda Perlis Sdn Bhd	58	50	58	50
KOGS	5,216	165	-	-
Cipta Quantum Sdn Bhd	-	100	-	-
Primium Khas Sdn Bhd	-	65	-	-
Transactions with subsidiary companies of KOGS				
Sales of property, plant and equipment to				
Orisatin Sdn Bhd	-	96	-	-
Sales to				
Cai Lan Oils & Fats Industries Company Ltd	760	332	-	-
Kerry Oils & Grains Trading Company Limited	27,928	69,431	-	-
Kerry (New Zealand) Limited	13,084	36,225	-	-
Southseas Oils & Fats (Hong Kong) Limited	2,776	65,902	-	-
Southseas Oils & Fats (Chiwan) Limited	11,242	3,790	-	-
Orisatin Sdn Bhd	3,641,869	484,541	-	-
Qingdao-Kerry Vegetables Oil Co Ltd	-	5,094	-	-
Shanghai Kerry Oils & Grains Ind Co Ltd	-	27,347	-	-
Commission paid to Orisatin Sdn Bhd	357	69	-	-
Purchases from Orisatin Sdn Bhd	272,247	-	-	-
Transactions with Kuok Brothers Sdn Bhd, a major shareholder of the Company				
Management fee paid	142	127	-	-
Transactions with a subsidiary company of Kuok Brothers Sdn Bhd				
Sales to Hoe Sen (Mersing) Sdn Bhd	10,004	9,514	-	-

44. RELATED PARTIES (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Transactions with associated companies				
of Kuok Brothers Sdn Bhd				
Sales to Min Tien & Co Sdn Bhd	58,729	22,500	-	-
Insurance premium paid to Jerneh Insurance Berhad	14,142	14,014	129	261
Rental of premises paid to Jerneh Insurance Berhad	1,309	1,151	348	305
Rental of premises paid to Pujabina Sdn Bhd	172	186	-	-
Rental of premises paid to Pelangi Berhad	830	1,397	-	-
Hire purchase instalments paid to Jerneh Credit Leasing Sdn Bhd	213	70	-	-
Corporate and share registration fee received from				
- Jerneh Asia Berhad	17	16	-	-
- Pelangi Berhad	56	24	-	-
Transactions with a subsidiary company of Kerry Group Limited, a major shareholder of the Company				
Sales to Kerry Foodstuffs Co. Limited	14,992	1,462	-	-
Purchases from Kerry Foodstuffs Co. Limited	213,530	232,445	-	-
Purchase of shares in				
Kerry Flour Mills Limited ("KFML") (formerly known as Kerry-Glory Flour Mills Co Ltd) from Kerry Holdings Limited	30,716	-	-	-
Sales to KFML	-	2,470	-	-
Transaction with directors				
Disposal of a motor vehicle to				
- Ong Ie Cheong	304	-	304	-
- Datuk Oh Siew Nam	140	-	-	-
Transaction with companies in which directors have financial interest				
Companies in which Mr. Ang Guan Seng has financial interest				
- Sales to Batu Pahat Seng Huat Sdn Bhd	5,405	6,489	-	-
- Purchases from Ban Seng Guan Sdn Bhd	17,065	30,708	-	-
- Purchases from Hoe Seng Chan Sdn Bhd	26,312	10,903	-	-
- Purchases from Perusahaan Minyak Sawit Bintang Sdn Bhd	40,496	35,764	-	-
- Purchases from United Plastics Sdn Bhd	5,467	4,413	-	-
Company in which Dato' Abdul Jabid Bin Mohd Don has financial interest				
- Sales to Tejana Trading Corporation Sdn Bhd	-	1,573	-	-

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44. RELATED PARTIES (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Transactions with companies in which a director of PPB Oil Palms Berhad, Dr. Ng Siew Kee has financial interest				
Purchases from Agrocom Enterprise Sdn Bhd	612	1,211	-	-
Plantation advisory services fee paid to Agromac (M) Sdn Bhd	325	295	-	-
Transaction with a company in which a director of Golden Screen Cinemas Sdn Bhd, Mr. Raymond Chow Ting Hsing has financial interest				
Film sourcing service fees receivable from Golden Harvest Entertainment Co Ltd	65	65	-	-
Film royalty fee paid to Golden Harvest Entertainment Holdings Ltd	177	1,243	-	-
Transaction with companies in which a director of Sitamas Environmental Systems Sdn Bhd, Tunku Mahmud bin Tunku Besar Burhanuddin has financial interest				
Professional fees paid to				
- Tuan Radin Sdn Bhd	38	-	-	-
- Shamzah Management Services Sdn Bhd	52	-	-	-
Transactions with a corporate shareholder of Suburmas Plantations Sdn Bhd				
Purchases from				
- Majrany Corporation Sdn Bhd	2,979	-	-	-
- Tawakal Sejati Sdn Bhd	10,549	-	-	-

The above transactions were entered into in the normal course of business and were established under negotiated terms.

45. EMPLOYEE INFORMATION

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Staff costs	296,423	273,665	16,640	14,059

Included in the staff costs are defined contribution plans amounting to RM24.952 million (2003: RM22.843 million) for the Group and RM1.822 million (2003: RM1.728 million) for the Company.

The number of employees (including executive directors) as at 31 December 2004 was 17,014 (2003: 15,170) for the Group and 376 (2003: 376) for the Company.

46. CONTINGENT LIABILITIES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Unsecured guarantees issued in consideration of credit facilities given to associated companies	17,800	15,800	2,550	2,550

In addition to the above, on 14 July 2000, a legal suit was filed by a third party at the High Court of Sabah and Sarawak in Sandakan against the Government of the State of Sabah (the First Defendant) challenging the alienation by the Sabah State Government to two of the Company's subsidiaries, Hibumas Sdn Bhd ("Hibumas") and Penumilek Sdn Bhd ("Penumilek"), of a total of 5,700 acres (2,307 hectares) of land situated in Sugut and Bonggaya, District of Sandakan ("the Land"). The Land forms part of a total area of 25,784 acres (10,434 hectares) alienated to Hibumas and Penumilek, who were named as the Second and Third Defendants, respectively.

Hibumas and Penumilek had on 12 September 2000 filed an application to strike out the plaintiff's suit. The court has on 25 January 2005, decided in favour of all three Defendants, and the claim by the third party was dismissed with costs.

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47. COMMITMENTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Commitment to acquire the remaining shares in FFM Berhad not already owned by the Company pursuant to a proposed privatisation of FFM Berhad for a consideration to be satisfied by the issuance of 102,126,817 shares in the Company and a cash consideration of RM2.00 per FFM's shares	-	204,254	-	204,254
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	50,895	87,450	90	212
- not contracted	299,925	198,387	107	939
Operating lease and other commitments				
- within 1 year	2,826	1,322	-	305
- later than 1 year but not later than 5 years	6,510	2,373	-	-
- later than 5 years	6,114	2,385	-	-
	<u>366,270</u>	<u>496,171</u>	<u>197</u>	<u>205,710</u>

48. SEGMENTAL REPORTING

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

- | | | |
|---|---|--|
| (i) Sugar refining and cane plantation | - | Cane cultivation and refining of sugar |
| (ii) Grains trading, flour and feed milling | - | Wheat and maize trading, flour milling and manufacturing of animal feed |
| (iii) Edible oils refining and trading | - | Manufacturing and marketing of edible oils |
| (iv) Oil palm plantations | - | Oil palms cultivation and milling of fresh fruit bunches |
| (v) Livestock farming | - | Production of day-old chicks, eggs and other related downstream activities |
| (vi) Packaging | - | Manufacturing of steel drums, plastic containers, polyethylene and polypropylene woven bags and fabrics |
| (vii) Environmental engineering, waste management and utilities | - | Construction works specialising in water and environmental industry and provision for waste management |
| (viii) Film exhibition and distribution | - | Exhibition and distribution of cinematograph films |
| (ix) Property investment and development | - | Letting of commercial properties and development of residential and commercial properties |
| (x) Other operations | - | Manufacturing and trading in chemical products, consumer products and gloves, provision of recreational activities, investment holding, engineering contracts, shipping and others |

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

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48. SEGMENTAL REPORTING (continued)

2004	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000
REVENUE					
External sales	749,352	775,185	8,384,356	137,173	55,475
Inter-segment sales	35	53,634	118,188	453,541	8,437
Total revenue	749,387	828,819	8,502,544	590,714	63,912
RESULT					
Segment operating results	143,345	42,745	115,019	223,503	2,552
Unallocated corporate expense					
Profit from operations					
Investing activities					
Finance costs					
Share of associates' results	1,714	5,820	22,489	2,301	-
Share of joint ventures' results	-	-	-	-	-
Profit before taxation					
Taxation					
Profit after taxation					
Minority interests					
Net profit for the year					
OTHER INFORMATION					
Segment assets	370,734	597,075	932,756	1,433,769	122,234
Investments in associates	20,003	36,519	302,105	4,719	-
Investments in joint ventures	-	-	-	-	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	15,003	22,602	272,281	52,928	2,130
Borrowings					
Tax liabilities					
Unallocated deferred income					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	19,399	38,457	12,620	134,646	1,162
Unallocated capital expenditure					
Depreciation	15,843	15,391	25,423	45,205	5,614
Unallocated corporate depreciation					
Non-cash expenses other than depreciation	(64)	1,812	808	12,049	141
Unallocated non-cash expenses other than depreciation					

Packaging RM'000	Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
109,386	140,543	104,259	98,933	445,020		10,999,682
16,099	-	-	1,082	51,469	(702,485)	-
125,485	140,543	104,259	100,015	496,489	(702,485)	10,999,682
9,414	1,182	11,857	27,837	41,604	761	619,819 (17,849) 601,970 81,119 (15,097) 65,546 (30) 733,508 (183,792) 549,716 (149,052) 400,664
-	14,159	14	4,347	14,702	-	4,398,949
-	(30)	-	-	-	-	598,741
						38,867
						1,065,030
						26,230
						6,095
						6,133,912
217,827	82,415	93,394	269,193	309,479	(29,927)	526,874
-	52,744	5,316	64,967	112,368	-	513,448
-	38,867	-	-	-	-	319,355
						24,366
						10,386
						1,394,429
31,942	36,874	22,351	43,666	60,496	(33,399)	250,869
						596
						251,465
16,346	1,978	3,555	12,565	10,141	-	150,523
						888
						151,411
11,182	2,138	11,212	4,723	13,792	-	21,679
						(936)
						20,743
115	407	323	2,218	3,870	-	

ACCOUNTING POLICIES AND EXPLANATORY NOTES

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48. SEGMENTAL REPORTING (continued)

2003	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000
REVENUE					
External sales	743,647	723,751	6,908,550	126,942	51,468
Inter-segment sales	139	37,443	111,717	343,827	6,217
Total revenue	743,786	761,194	7,020,267	470,769	57,685
RESULT					
Segment operating results	155,966	89,298	88,849	168,185	4,083
Unallocated corporate expense					
Profit from operations					
Investing activities					
Finance costs					
Share of associates' results	(45)	-	82,047	1,573	-
Share of joint ventures' results	-	-	-	-	-
Profit before taxation					
Taxation					
Profit after taxation					
Minority interests					
Net profit for the year					
OTHER INFORMATION					
Segment assets	323,082	536,604	864,381	1,343,958	115,777
Investments in associates	19,443	-	304,872	6,558	-
Investments in joint ventures	-	-	-	-	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	15,428	44,439	290,842	48,203	3,422
Borrowings					
Tax liabilities					
Unallocated deferred income					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	15,629	38,988	28,565	105,269	5,795
Unallocated capital expenditure					
Depreciation	14,405	14,908	28,243	41,610	5,328
Unallocated corporate depreciation					
Non-cash expenses other than depreciation	(29)	1,295	(615)	1,190	-
Unallocated non-cash expenses other than depreciation					

Packaging RM'000	Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
100,292	106,754	87,788	113,682	356,894		9,319,768
16,037	-	-	941	26,134	(542,455)	-
116,329	106,754	87,788	114,623	383,028	(542,455)	9,319,768
12,805	2,501	10,238	29,525	7,855	441	569,746 (15,174) 554,572 39,666 (11,484) 124,644 (38) 707,360 (170,478) 536,882 (165,629) 371,253
-	14,096	-	3,463	23,510	-	4,032,140
-	(38)	-	-	-	-	535,668
						27,547
						1,163,075
						38,571
						5,757
						5,802,758
176,994	61,560	101,281	268,996	274,924	(35,417)	557,757
-	42,087	308	65,166	97,234	-	475,387
-	27,547	-	-	-	-	282,056
						12,233
						4,577
						1,332,010
24,028	51,676	26,260	33,629	56,057	(36,227)	223,115
						596
						223,711
1,517	893	17,895	1,139	7,425	-	140,552
						1,172
						141,724
7,054	491	9,551	4,605	14,357	-	5,040
						(676)
150	(9)	470	108	2,480	-	4,364

48. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format - geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical locations of the assets.

	Revenue		Carrying amount of segment assets		Capital expenditure	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysia	6,632,113	3,312,535	4,060,131	3,713,657	196,430	188,246
Indonesia	103,306	83,777	222,934	200,814	53,564	34,976
Singapore	3,843,758	5,347,840	18,839	26,346	317	87
Other Asean countries	29,060	56,136	69,700	87,575	1,065	402
East Asia	160,351	238,237	27,345	3,748	89	-
Other Asia countries	135,681	138,705	-	-	-	-
European countries	20,995	43,088	-	-	-	-
America and Asia Pacific countries	74,418	99,360	-	-	-	-
	10,999,682	9,319,678	4,398,949	4,032,140	251,465	223,711

49. COMPARATIVE FIGURES

The following balance sheet comparatives have been restated to conform with the current financial year's presentation in accordance with MASB 32 - *Property Development Activities*.

	As restated RM'000	As previously stated RM'000
Current assets		
Property development costs	32,910	34,439
Accrued billings	3,927	-
Current liabilities		
Progress billings	2,398	-

50. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, RM255.381 million or 39.12% (2003: RM153.155 million or 26.73%) of the Group's total trade receivables was due from Kuok Oils & Grains Pte Ltd ("KOGS"), an associated company and Orisatin Sdn Bhd, a subsidiary company of KOGS.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet and the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(i) Outstanding credit facilities guaranteed by the Group and the Company				
Total amount guaranteed	17,800	15,800	2,550	2,550
Total amount outstanding	7,584	6,142	2,374	2,346

(ii) Outstanding commodity future contracts entered into by a subsidiary company's clients were as follows:

	Group			
	<----- 2004 -----> RM'000		<----- 2003 -----> RM'000	
	Contract amount	Unrealised gain/(loss) based on year end market value	Contract amount	Unrealised gain based on year end market value
Future contracts				
- sales	208	-	-	-
- purchases	34,050	(506)	252,360	3,894

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50. FINANCIAL INSTRUMENTS (continued)

(b) Derivative financial instruments

Commodities future contracts outstanding as at 31 December were as follows:

	Group		Group	
	<----- 2004 ----->		<----- 2003 ----->	
	RM'000		RM'000	
	Contract amount	Unrealised gain based on year end market value	Contract amount	Unrealised gain based on year end market value
Future contracts				
- purchases	1,099	94	67,934	2,044

The outstanding future contracts mature within one year.

Foreign currency forward contracts outstanding as at 31 December were as follows:

	Amount to be received or paid equivalent		Average contractual rate	<--Settlement period-->	
	'000	RM'000		Within 1 year	2 to 5 years
				RM'000	RM'000
2004					
Trade receivables					
USD	136,376	518,514	3.802	518,514	-
SGD	2,272	5,017	2.210	5,017	-
GBP	11	77	7.300	77	-
2003					
Trade receivables					
USD	214,636	818,563	3.814	818,563	-
SGD	1,352	2,994	2.214	2,994	-
Forward contracts on future purchases					
USD	480	1,843	3.840	1,843	-

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
2004				
Non-current assets				
Amounts due from subsidiary companies	-	-	59,309	*

50. FINANCIAL INSTRUMENTS (continued)

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
2004				
<i>Other investments</i>				
Shares quoted in Malaysia	220,738	419,321	35,875	21,634
Shares quoted outside Malaysia	217,310	299,209	98,379	130,469
	<u>438,048</u>	<u>718,530</u>	<u>134,254</u>	<u>152,103</u>
Unquoted shares	<u>14,272</u>	<u>#</u>	<u>12,315</u>	<u>#</u>
2003				
<i>Non-current assets</i>				
Amounts due from subsidiary companies	-	-	66,260	*
<i>Other investments</i>				
Shares quoted in Malaysia	202,793	290,705	35,875	23,231
Shares quoted outside Malaysia	183,846	203,403	98,379	85,566
	<u>386,639</u>	<u>494,108</u>	<u>134,254</u>	<u>108,797</u>
Unquoted shares	<u>25,459</u>	<u>#</u>	<u>12,315</u>	<u>#</u>

Certain investments are carried at amounts in excess of their fair values. No further allowance for diminution in value has been recognised as the directors are of the opinion that the decline in value is temporary in nature.

* It is not practical to estimate the fair values of the amounts due from subsidiary companies due principally to the absence of fixed repayment terms. However, the Company does not anticipate the carrying amounts to be significantly different from the values that would eventually be received.

It is not practical to estimate the fair value of unquoted investments due to the lack of quoted market values and the inability to estimate fair value without incurring excessive cost. Such investments are valued at cost subject to review for impairment.

Guarantees given

It is not practical to estimate the fair values of the guarantees referred to in note 46 due to the uncertainties of timing, costs and eventual outcome.

51. EVENTS PENDING COMPLETION

During the year, the Company entered into 2 Conditional Shares Sale Agreements to dispose of certain other investments in note 17 at a carrying value of RM12.049 million for a consideration which is yet to be finalised. The disposals have not been completed as at year end, as certain conditions precedent remain unfulfilled.

52. SUBSEQUENT EVENT

- (i) On 12 January 2005, a subsidiary company, Rimkus Limited, acquired 600 shares of IDR1 million each in PT Mentaya Sawit Mas ("MSMAS"), representing 60% of the equity interest of MSMAS, for a total cash consideration of IDR600 million. MSMAS, which is incorporated in Indonesia has obtained the 'Kadestral map' (ie. boundary approval) for about 16,867 hectares of land in Central Kalimantan which is proposed to be developed into an oil palm plantation.
- (ii) On 23 February 2005, the Board of Directors has proposed to increase the Company's issued and paid-up capital from RM592.750 million to RM1.186 billion by a 1 for 1 Bonus Issue of 592.750 million new ordinary shares of RM1.00 each in the Company (Bonus shares) credited as fully paid by capitalising RM520.000 million and RM72.750 million from the Company's share premium and retained profit accounts respectively. The new Bonus shares shall upon allotment and issue, rank pari passu in all respects with the existing shares except that they shall not be entitled to the final dividend for the financial year ended 31 December 2004. Concurrent with the proposed Bonus Issue it is also proposed to increase the Company's authorised share capital from RM1 billion comprising 1 billion ordinary shares of RM1.00 each to RM2 billion comprising 2 billion ordinary shares of RM1.00. The above proposals are subject to the approvals of shareholders, Bursa Securities granting a listing and quotation for the Bonus shares and any other relevant authorities.

53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 23 February 2005 by the Board of Directors.

54. SUBSIDIARY COMPANIES

The subsidiary companies as at 31 December 2004 were as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004	2003		
	%	%		
Malayan Sugar Manufacturing Company Bhd	100.0	100.0	Malaysia	Sugar refining and investment holding
Astakonas Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Masuma Trading Co Ltd	100.0	100.0	* Hong Kong	Investment holding
Quintrine Company Ltd	100.0	100.0	* Hong Kong	Investment holding
Stenmark Investments Inc	-	100.0	* Liberia	Liquidated
Banqua Limited	100.0	100.0	* British Virgin Islands	Investment holding
MSM Properties Sdn Bhd	100.0	100.0	Malaysia	Dormant
FFM Berhad	100.0	54.2	Malaysia	Investment holding, grains trading, flour and animal feed milling
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM Feedmills (Sabah) Sdn Bhd	100.0	100.0	* Malaysia	Manufacturing and trading of animal feed
Lamlewa Feedmill Sdn Bhd	100.0	97.0	Malaysia	Ceased operations in 2000
FFM Feedmills (Sarawak) Sdn Bhd	75.0	75.0	* Malaysia	Manufacturing and trading of animal feed
Sri Aman Feedmills Sdn Bhd (formerly known as Sunrise Ridge Sdn Bhd)	100.0	-	Malaysia	Dormant
FFM Marketing Sdn Bhd	100.0	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
Fedflour Trading Company Ltd	100.0	100.0	* Hong Kong	Investment holding
Stock & Trade Ltd	100.0	100.0	* British Virgin Islands	Investment holding
FFM Flour Mills (Sabah) Sdn Bhd (formerly known as Fortune Enterprise Sdn Bhd)	100.0	100.0	Malaysia	Dormant
Taloh Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Buxton Limited	100.0	100.0	* Samoa	Investment holding and commodity trading
Katella Sdn Bhd	100.0	100.0	Malaysia	Shipping
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Glowland Limited	100.0	100.0	* Samoa	Investment holding
JBFM Feedmill Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Livestock breeding
FFM Pulau Indah Sdn Bhd (formerly known as Johor Bahru Feedmill and Trading Sdn Bhd)	100.0	100.0	Malaysia	Provision of management services
Affluence Trading Sdn Bhd	100.0	100.0	* Malaysia	Dormant

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54. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004 %	2003 %		
FFM Flour Mills (Sarawak) Sdn Bhd	100.0	100.0	* Malaysia	Flour milling
FFM Management Services Sdn Bhd (formerly known as Everbloom Sdn Bhd)	100.0	100.0	Malaysia	Dormant
Vietnam Flour Mills Ltd	82.5	52.5	* Socialist Republic of Vietnam	Flour milling
Tego Sdn Bhd	80.0	80.0	Malaysia	Manufacturing of polyethylene and polypropylene woven bags and fabrics
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of polypropylene multi-filament yarns
Tefel Packaging Industries Co Ltd	100.0	100.0	* Union of Myanmar	Manufacturing and trading of polyethylene and polypropylene woven bags and fabrics
Keen Trade Limited	100.0	100.0	* British Virgin Islands	Marketing of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics
PGEO Group Sdn Bhd	100.0	100.0	Malaysia	Investment holding and trading and marketing of edible oils
PGEO Edible Oils Sdn Bhd	100.0	100.0	Malaysia	Processing and marketing of edible oils, soya bean products, shortening, dough fats, margarine, hydrogenated products and steel drums
Fedrums Sdn Bhd	100.0	100.0	Malaysia	Broker in commodity futures
Maytown Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Sandakan Edible Oils Sdn Bhd	100.0	100.0	* Malaysia	Processing and marketing of edible oils
Bintulu Edible Oils Sdn Bhd	100.0	100.0	* Malaysia	Processing and marketing of edible oils
Volac Ingredients Sdn Bhd	51.0	-	Malaysia	Processing and marketing of calcium salt
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Property development and property investment
Kembang Developments Sdn Bhd	100.0	100.0	Malaysia	Rental of landed properties
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding, iron-ore mining, cultivation of rubber and oil palm
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
Central Kedah Rubber Estates Sdn Bhd	100.0	100.0	Malaysia	Dormant
Minsec Properties Bhd	100.0	100.0	Malaysia	Property development

54. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004 %	2003 %		
Minsec Management Services Company Ltd	100.0	100.0	* Hong Kong	Dormant
Ampang Leisuremall Sdn Bhd	55.0	55.0	Malaysia	Property development
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Property investment and investment holding
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Property investment
Film Allied Services Sdn Bhd	-	100.0	Malaysia	Under members' voluntary liquidation
Leisure Bowl Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding and provision of management services
Leisure Bowl Centres Sdn Bhd	-	100.0	Malaysia	Under members' voluntary liquidation
Leisure Bowl (JB) Sdn Bhd	60.0	60.0	Malaysia	Ceased operations in 2003
Golden Screen Cinemas Sdn Bhd	54.2	54.2	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractors and consultants
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of a café
PPB Oil Palms Berhad	55.6	55.6	* Malaysia	Investment holding
Sapi Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation and operation of palm oil mills
Kiabau Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Suai Plantations Sdn Bhd	100.0	100.0	* Malaysia	Ceased operations in 2004
Saremas Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation and operation of palm oil mill
Segarmas Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Kaminsky Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Sabahmas Plantations Sdn Bhd	100.0	100.0	* Malaysia	Investment holding, oil palm cultivation and operation of palm oil mill
Red Logging Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Gepa Lumber Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Page Development Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Logmerc Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Ceramilek Sdn Bhd	89.8	89.8	* Malaysia	Investment holding
Hibumas Sdn Bhd	100.0	100.0	* Malaysia	Investment holding and oil palm cultivation
Penumilek Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Jebawang Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation

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54. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004 %	2003 %		
Sri Kamusan Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Reka Halus Sdn Bhd	70.0	70.0	* Malaysia	Oil palm cultivation and operation of palm oil mill
Suburmas Plantations Sdn Bhd	70.0	70.0	* Malaysia	Oil palm cultivation
Ribubonus Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Aktif Kukuh Sdn Bhd	100.0	100.0	* Malaysia	Dormant
Suburmas Palm Oil Mill Sdn Bhd	53.0	53.0	* Malaysia	Operation of palm oil mill
Jasa Karya Sdn Bhd	-	100.0	* Malaysia	Under members' voluntary liquidation
Sekar Imej Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
PT Kerry Sawit Indonesia	90.0	90.0	* Indonesia	Oil palm cultivation
PT Mustika Sembuluh	90.0	90.0	* Indonesia	Oil palm cultivation
Clonal Palms Sdn Bhd	70.0	70.0	* Malaysia	Cultivation and sale of clonal plantlets
PT Tidar Sungkai Sawit	100.0	100.0	* Indonesia	Oil palm cultivation and operation of a palm oil mill
Kalimantan Palm Industries Sdn Bhd	100.0	100.0	* Malaysia	Investment holding
Alam Palm Plantations Sdn Bhd	100.0	-	* Malaysia	Dormant
Trade Alpha Limited	100.0	-	* British Virgin Islands	Dormant
PT Sarana Titian Permata	80.0	-	* Indonesia	Oil palm cultivation
PT Karunia Kencana Permaisejati	65.0	-	* Indonesia	Oil palm cultivation
PT Bumi Sawit Kencana	95.0	-	* Indonesia	Oil palm cultivation
Dexas Investments Limited	100.0	-	* British Virgin Islands	Investment holding
Ferro Group Limited	100.0	-	* British Virgin Islands	Investment holding
Rimkus Limited	100.0	-	* British Virgin Islands	Dormant
Fontille Overseas Ltd	100.0	-	* British Virgin Islands	Dormant
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Corporate secretarial and share registration services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Investment holding and provision of management services
Chemquest Trading (M) Sdn Bhd	100.0	100.0	Malaysia	Trading in chemical products
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacturing and trading in toilet requisites, household and chemical products

54. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004 %	2003 %		
Chemical Waste Management Sdn Bhd	99.0	99.0	Malaysia	Construction works specialising in the water and environmental industry
Cipta Wawasan Maju Engineering Sdn Bhd	55.0	55.0	Malaysia	Builders and contractors for general engineering and construction works
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Investment in land and property for rental
Chemquest (Overseas) Ltd	100.0	100.0	* British Virgin Islands	Investment holding
CQ Technology Ltd	100.0	100.0	* British Virgin Islands	Trading in chemical products and investment holding
Chemquest Management Services Sdn Bhd	100.0	100.0	Malaysia	Dormant
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and marketing of "Phenoset Microspheres" and trading in contact glue
Marathon Equipment Asia Pte Ltd	70.0	70.0	* Singapore	Engineering, manufacturing, facility designing and construction management of waste disposal equipment
Malayan Adhesives & Chemicals Sdn Bhd	51.9	51.9	Malaysia	Manufacturing and trading in adhesives, resins, additives and formaldehyde and investment holding
Otto Environmental Systems (Asia) Pte Ltd	100.0	100.0	* Singapore	Marketing, distribution and trading of environmental systems
Chemquest International Pte Ltd	100.0	100.0	* Singapore	Investment holding
Garbagemaster Pte Ltd	100.0	100.0	* Singapore	Ceased operations in 31 December 2000
SES Environmental Services Sdn Bhd (formerly known as Sita Environmental Services Sdn Bhd)	50.1	50.1	Malaysia	Investment holding
Solar Status Sdn Bhd	100.0	100.0	Malaysia	Investment holding
AWS Sales & Services Sdn Bhd	80.0	80.0	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
Minsec Engineering Services Sdn Bhd	100.0	100.0	Malaysia	Provision of engineering services
PT Healthcare Glovindo	100.0	100.0	* Indonesia	Manufacturing and trading in gloves
PT Glovindo Lampung	95.0	95.0	* Indonesia	Dormant
Quantum Plastic Industries Pte Ltd	-	100.0	* Singapore	Trading of waste disposal equipment
Kerry Utilities Ltd	50.0	50.0	* Samoa	Investment holding
Beijing Kerry Veolia Waste Water Treatment Co. Ltd.	51.0	51.0	* People's Republic of China	Investment holding

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FOR THE YEAR ENDED
31 DECEMBER 2004

54. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004	2003		
	%	%		
Sitamas Environmental Systems Sdn Bhd	78.0	#	Malaysia	Provision of refuse disposal services
Zegwaard Bumianda Sdn Bhd	100.0	#	Malaysia	Provision of liquid waste disposal services
Entrol Systems Sdn Bhd	100.0	#	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	100.0	#	Malaysia	Provision of garbage collection and disposal services
Sitaclean Technologies (M) Sdn Bhd	100.0	-	* Malaysia	Provision of management services (temporarily ceased operation)
Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	-	* People's Republic of China	Provision of consultancy services

Associate company in 2003

* Subsidiary companies not audited by Moores Rowland

55. ASSOCIATED COMPANIES

The associated companies as at 31 December 2004 were as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004	2003		
	%	%		
Kilang Gula Felda Perlis Sdn Bhd	50.0	50.0	Malaysia	Cane milling and sugar refining
Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property development
Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development
Lahad Datu Edible Oils Sdn Bhd	45.0	45.0	Malaysia	Refining of edible oils
Kuok Oils & Grains Pte Ltd	28.0	28.0	Singapore	Commodity trading
Kuok Oils & Grains (Hong Kong) Ltd	40.0	40.0	Hong Kong	Dormant
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
Kerry Flour Mills Ltd (formerly known as Kerry-Glory Flour Mills Co Ltd)	43.4	-	Thailand	Wheat flour milling and distribution
KOG Edible Oils BV	35.0	-	Netherlands	Dormant
Golden Screen Film Distribution Co Sdn Bhd	50.0	50.0	Malaysia	Dormant
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centres
Global Entertainment and Management Systems Sdn Bhd	33.3	33.3	Malaysia	Investment holding
Golden Access Pte Ltd	50.0	50.0	Singapore	Provision of information technology services

55. ASSOCIATED COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2004	2003		
	%	%		
Agri-Sabah Fertilizer Sdn Bhd	#	22.7	Malaysia	Manufacturing of fertilisers
Saratok Palm Oil Mill Sdn Bhd	30.0	30.0	Malaysia	Operation of a palm oil mill, purchasing and processing of fresh fruit bunches and selling of crude palm oil and palm kernel
Ancom-Chemquest Terminals Sdn Bhd	25.0	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse
Sitamas Environmental Systems Sdn Bhd	^	49.0	Malaysia	Provision of refuse disposal services
Cipta Quantum Sdn Bhd	30.0	30.0	Malaysia	Trading in equipment and provision of services in waste management
Worldwide Landfills Sdn Bhd	40.0	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
Konsortium Abass Sdn Bhd	25.0	25.0	Malaysia	Operation and management of water treatment plant
Trinity Coral Sdn Bhd	25.0	-	Malaysia	Investment holding
Veolia Water Kerry Water Services Ltd	50.0	-	Hong Kong	Investment holding
Kerry CQ Environmental Engineering Ltd	49.0	-	British Virgin Islands	Investment holding
Kerry CQ JV Environmental Engineering Ltd	50.0	-	British Virgin Islands	Investment holding
Berjaya-GSC Sdn Bhd	50.0	-	Malaysia	Construction of a cineplex on rented premises for the purpose of carrying on business as an exhibitor of cinematographic films

Other investment in 2004

^ Subsidiary company in 2004

56. JOINTLY CONTROLLED ENTITIES

The jointly controlled entities as at 31 December 2004 were as follows:-

	Group's equity interest		Country of operation	Principal activities
	2004	2003		
	%	%		
Zufar Water Services - Chemical Waste Management JV	50.0	50.0	Malaysia	Civil, mechanical and electrical works
Beijing Drainage Group Co Ltd	42.0	42.0	People's Republic of China	To own, operate and maintain a waste water treatment plant
Veolia Kerry Waste Water Treatment Plant				

STATEMENT BY DIRECTORS

PURSUANT TO
SECTION 169(15) OF THE
COMPANIES ACT, 1965

We, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and DATO SRI LIANG KIM BANG, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 73 to 143 are drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of their results and cash flows for the year ended on that date.

On behalf of the Board

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM
Director

DATO SRI LIANG KIM BANG
Director

Kuala Lumpur
23 February 2005

STATUTORY DECLARATION

PURSUANT TO
SECTION 169(16) OF THE
COMPANIES ACT, 1965

I, Leong Choy Ying, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 73 to 143 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the
Federal Territory on this
23rd day of February, 2005

Before me,

SOH AH KAU
Commissioner of Oaths
Malaysia
No. W315

We have audited the financial statements of the Group and of the Company set out on pages 73 to 143. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up:
 - (i) so as to give a true and fair view of the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
 - (ii) in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of their results and cash flows for the year ended on that date; and
 - (iii) in accordance with applicable approved accounting standards.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary companies of which we have not acted as auditors, and which are indicated in note 54 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under Section 174(3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

TANG KIN KHEONG
No. 1501/9/05 (J/PH)
Partner

Kuala Lumpur
23 February 2005