issue 4 31dec02

investor update

PPB GROUP BERHAD

feature article

BEHIND THE SCREENS

Golden Screen Cinemas or more popularly known as GSC is synonymous with the movie industry in Malaysia and evolved with the merger of Golden Communications (M) Sdn Bhd and Cathay Cinemas Sdn Bhd in 1997 to become the leading cinema operator in the country. Over the years, GSC has had to overcome many business challenges ranging from high entertainment tax to the widespread piracy of DVDs and VCDs to retain its leadership position.

Year 2002 was both significant and encouraging for GSC as it marked the company's return to profitability. The release of more commercial films as well as stronger blockbuster movies drew patrons back to the cinemas. A stream of blockbusters dominated the silver screen throughout the year such as "Spiderman", "Lord of The Rings: The Two Towers", "Harry Porter: Chamber of Secrets", "Star Wars" and "Die Another Day". On the local front, year 2002 also witnessed an upsurge of local Malay productions with hits such as "Gila-Gila Pengantin" and "KL Menjerit". The streamlining and cost control measures undertaken by GSC over the past few years have positioned GSC on a stronger foothold to capitalize on the turnaround in the film industry to achieve a modest profit before tax of RM2.74 million.

GSC's success can be attributed to its continuous efforts to provide cinema-goers with the ultimate movie-going experience in a friendly, comfortable and innovative environment in its cinema circuit of 74-screens in 15 locations throughout the major cities. One of the most popular venues for cinema-goers is the 18-screen flagship outlet located at Mid Valley Megamall, Kuala Lumpur which is the largest multiplex in Asia with a seating capacity of 2,909 seats. It offers a premier 32-seater Gold Class auditorium, International Screens, an AV Convention auditorium, a waving gallery and a merchandise outlet named ***Glitters***.

Since the introduction of ***Glitters*** at Mid Valley in June 2001, GSC has setup additional merchandise stores on a smaller scale in Kuantan, Cheras and Negeri Sembilan. ***Glitters*** offers movie-related merchandise as well as gift items.

GSC's cinema at Mid Valley has become a sought after venue for hosting film premiers, charity galas as well as corporate events. During the year, GSC together with leading companies and film distributors jointly organized many premier screenings at Mid Valley including "Die Another Day", "The Touch" and "Infernal Affairs". To increase its revenue base, GSC has expanded to organizing non-cinema related events like product launches, seminars, management briefings, press conferences and others.

Distribution

In addition to exhibition, GSC is also a major distributor of Chinese films and independent English films. Its primary activity is acquiring feature film titles for exploitation in the cinemas as well as for video and television. In the process, GSC has established an extensive library of titles of both Chinese and English films. In August 2002, a partnership was formed with TV3 to supply Chinese film titles for their Pearl Screen slot in return for a share in the advertising revenue which contributed significantly to distribution profit. Presently video rights are sub-licensed to a distributor who has extensive outlets in the country to counter the sliding video market.

GSC Cinema Locations:-

	Location	No. of Screens	Seating Capacity
1.	Mid-Valley Megamall	18	2,909
2.	Cheras Leisure Mall, Kuala Lumpur	4	1610
3.	Shaw Centrepoint, Klang	4	1006
4.	IOI Mall, Puchong	5	1317
5.	Capitol Selayang Mall, Selayang	3	750
6.	The Summit, USJ, Subang Jaya	7	1,262
7.	Berjaya Megamall, Kuantan	5	970
8.	BM Plaza, Bukit Mertajam	3	707
9.	Ipoh Parade, Ipoh	3	803
10.	Central Square, Sungei Petani	3	666
11.	Summit Parade, Batu Pahat	3	678
12.	Pelangi Leisure Mall, Johor Bahru	5	2361
13.	Mahkota Parade, Malacca	4	821
14.	Terminal 1, Seremban	4	1,086
15.	GSC, Kota Kinabalu	3	1,648
	Total	**74**	**18,594**

Films to lookout for in 2003
1. The Hulk
2. Charlie's Angels 2
3. Terminator 3
4. Bulletproof Monk
5. X-Men 2
6. Tomb Raiders 2
7. Lord of the Rings – Return of the King
8. Matrix Reloaded
9. Matrix Revolution
10. Highbinders

GSC's Top Earning Films
1. Spider Man
2. Lord of The Ring : The Two Towers
3. Harry Porter : Chamber of Secrets
4. Star Wars 2
5. The Scorpion King
6. Die Another Day
7. The Tuxedo
8. Mami Jarum
9. Baba
10. Men in Black 2

Outlook for 2003

GSC is constantly upgrading the facilities offered at its cinemas to meet the increasingly sophisticated demands of patrons. Currently, IT upgrades are being carried out to further enhance seat reservation facilities to the various GSC locations. GSC is always looking out for new viable multiplex sites in line with its expansion programme and exploring F & B opportunities at new and existing locations.

For this year, GSC will be setting up its 2nd flagship outlet in Penang at Gurney Plaza scheduled for opening by end 2003. This multiplex will have 12 screens with a total seating capacity of 1,856 seats.

Year 2003 looks promising with the strong line-up of film titles. Focus would be given to improve yields on blockbuster films acquired by GSC like Chow Yun Fat's "Bulletproof Monk" and Jackie Chan's "Highbinders" and "Around the World in 80 days". With new found interest in local Malay films, the distribution division is looking for areas of co-operation with the local film producers.

happenings

PROPOSED JOINT VENTURE IN CPO MILL

On 19 December 2002, Suburmas Plantations Sdn Bhd ("Suburmas"), a 70% subsidiary company of PPB Oil Palms Berhad ("PPBOP"), entered into a joint venture agreement with several Sarawakian parties to construct, own and operate a 40-tonne per hour crude palm oil ("CPO") mill in Sarawak under a joint venture company known as 'Suburmas Palm Oil Mill Sdn Bhd' ("SPOM") (the "Proposed Joint Venture"). Pursuant to the Proposed Joint Venture, Suburmas intends to subscribe for 7,950,000 new ordinary shares of RM1.00 each for cash at par equivalent to 53% equity interest in SPOM.

The proposed CPO mill will be located within the Group's Suburmas Estate at Kemena Land District, Bintulu Division. The cost of the mill including plant and machinery is estimated at RM24 million. Construction is expected to take about fourteen (14) months, and subject to all relevant approvals being obtained, the mill is tentatively scheduled to be commissioned in the second half of 2004.

The proposed CPO mill will process fresh fruit bunches ("FFB") produced by the respective joint venture parties and/or their associates, as well as other FFB producers in the area into CPO and palm kernel. The mill is expected to offer fair FFB prices, provide a long term commitment to purchase FFB from producers, and offer savings in FFB transport costs from the respective estates.

PROPOSED ACQUISITION OF 90% EQUITY IN PT KERRY SAWIT INDONESIA

Kalimantan Palm Industries Sdn Bhd ("KPI"), a wholly–owned subsidiary company of PPBOP had on 23 December 2002 entered into a Shares Sale Agreement with Kerry Holdings (Indonesia) Limited ("KHI") to acquire from KHI 5,850 shares of USD1,000/- each equivalent to 90% equity interest in PT Kerry Sawit Indonesia ("KSI") for a cash consideration of USD2.0 million ("the Proposed Acquisition").

KSI owns a total of about 32,200 hectares of land in Central Kalimantan, Indonesia, which are proposed to be developed into an oil palm plantation. The lands are located about half a kilometre south of PPBOP's other oil palm project in the same locality held under PT Mustika Sembuluh ("Mustika"), a 90%–subsidiary company.

The PPBOP Group presently has a total plantation land bank of about 102,722 hectares located in Sabah and Sarawak in Malaysia, as well as Sumatra and Central Kalimantan in Indonesia. The Proposed Acquisition would enable PPBOP to further increase its oil palm area, and forms part of PPBOP's long term objective to expand its oil palm operations in the surrounding region to take advantage of suitable agricultural land and labour. The Proposed Acquisition is strategic in view of the size and proximity of KSI's land to Mustika, and would increase PPBOP's plantation hectarage in Central Kalimantan to about 47,400 ha, thus enabling the Central Kalimantan operations to achieve greater economies of scale in terms of management and field operations and provide a platform for future downstream expansion into refining.

ANNIVERSARY BASH AT GSC, MID VALLEY

A festive mood prevailed throughout the month of December 2002 at GSC Mid Valley with the celebration of its 3rd Anniversary Bash. The bash kicked off to an illustrious start with a special screening of James Bond's latest flick "Die Another Day" for its loyal patrons, corporate clients and orphans from selected homes.

In addition to movie screenings, GSC Mid Valley also unveiled a series of exciting games and activities during the Anniversary weekend.

Movie characters from "Star Wars" and "Spiderman".

The most memorable event was the appearance of movie characters from hit movies such as "Spiderman" and "Star Wars" to the delight of the children, parents and guests alike. Hoping that lady luck was on their side, some were seen taking a few lucky spins at the Wheel of Fortune or participating in the 1901 Hotdog Eating Competition. The younger ones showed off their creative talents as they took part in "Tell-A-Story" contest. Free candy floss, balloons and clowns kept the crowd coming back for more throughout the celebration.

The World Premiere of "Infernal Affairs" created a huge headline as Hong Kong heartthrobs – Andy Lau and Tony Leung Chiu-Wai made a special appearance at GSC Mid Valley on 12th December 2002. Over five thousands fans made their way to GSC's waving gallery to catch a glimpse of their idols during the meet and greet session.

Malaysia is the first country to hold the premiere of "Infernal Affairs", followed by Singapore, Hong Kong and Taiwan. The movie was rated as one of the biggest Chinese box-office releases for 2002.

Actors Tony Leung and Andy Lau receiving a tremendous welcome from their Malaysian fans

PPB CELEBRATED CHRISTMAS WITH UNDERPRIVILEDGED CHILDREN

On 18 December 2002, PPB Group Bhd and its staff hosted a Christmas lunch party for 57 children of the Ti-Ratana Home at their premises in Taman Salak South.

The objective of the event is to improve the quality of life of the community and to help develop a more caring society. To start off the day's activities, PPB Group Berhad's Executive Chairman, Mr Ong Ie Cheong, presented a new washing machine to the Home's Founder and Advisor, Rev. K Dhammaratana to lighten some of the Home's mundane chores.

The staff and children were then treated to a sumptuous buffet lunch before they proceeded to take part in the various fun-filled games and activities. The children thoroughly enjoyed themselves especially with the appearance of a clown who performed magic shows adding zest to the atmosphere. At the end of the occasion, each child was presented with an individual Christmas gift and a hamper filled with goodies.

On a separate occasion, PPB's wholly-owned subsidiary, PPB Hartabina Sdn Bhd, launched a two-week charity program entitled "Gift of Love" at Cheras LeisureMall on 12 December 2002. Officiated by Dato' Sri Endon Mahmood, the event was attended by 90 orphans from Rumah Faith, Shepherd's Centre, Sunbeams Home and Shelter Homes. The children were treated to a sumptuous lunch and a special movie screening at the Golden Screen Cinemas.

In addition to the above program, Cheras LeisureMall also organized a One Day Educational Tour on 16 December 2002 for 90 orphans from Rumah Sayangan. The highlight of the day was the pizza making demonstration at Shakey's restaurant followed by bowling sessions at the Cheras LeisureBowl.

For the past few years, shoppers at Cheras LeisureMall have participated in the Toy Bank charity drive where they get to dedicate Christmas cards and gifts to the orphans. However, this year a fundraising campaign was also included to support the Shelter Homes for the children.

The Gift of Love campaign ended on 31 December 2002.

Top : Ti - Ratana orphanage

Bottom : **"Gift Of LOVE Campaign"**
The children from Rumah Sayang having fun at Cheras LeisureMall, Kuala Lumpur

What are the returns to a PPB shareholder?

Generous dividends would surely be an immediate answer looking at PPB's dividend track record. From year 1990 to 1998, PPB has without fail paid consistent yearly dividends to its investors of 16%. The dividend payout has been further enhanced in recent years to reach the highest paid todate of 46.5%.

The PPB Board has recommended a final dividend of 12.5 sen per share comprising 7.5 sen less tax and 5 sen tax exempt payable on 29 May 2003 which together with the interim and special dividends paid earlier would amount to 46.5 sen per share comprising 12.5 sen less tax and 34 sen tax exempt for the year.

Based on the closing price for year 2002 of RM3.94 per share, this would translate to a dividend yield of 10.9% compared with the current fixed deposit rate of 3.2%.

Looking back three years to 2000, an investor who had bought 1000 shares of PPB paying RM4,760 would have received 333 new PPB shares through a bonus issue of 1:3 undertaken in 2001. Currently, these shares would be worth RM5,252 giving the investor a capital gain of RM492. Together with gross dividends earned during this period of RM1,053, the total gain would be RM1,545 as illustrated below :-

Purchase price of 1000 shares	@ RM4.76 per share	RM 4,760
Market value of 1,333 shares	@ RM3.94 per share	RM 5,252
	Capital gain	RM 492
	Dividends earned	RM 1,053
	Total gain	**RM 1,545**

<u>Compared with FD placement</u>

Interest for 3 years @ 3.5% per annum for RM4,760 RM 500

In addition, PPB shares are currently trading at 30% discount from its NTA of RM5.69, providing good opportunities for capital appreciation in the future.

DIVIDEND RECORD

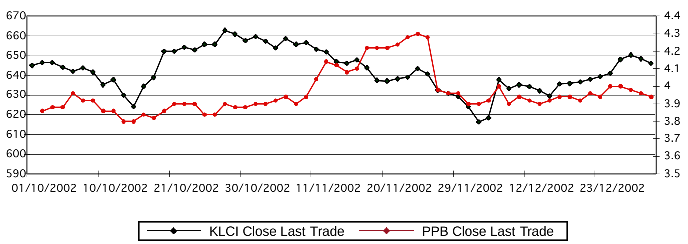
FYE 31 Dec	Issued Capital '000	Dividend payments: Gross dividend Sen	Dividend payments: Net dividend Sen	Dividend payments: Payout ratio of Company's earnings %
1990	245,312	16.0	10.4	41.4
1991	245,312	16.0	10.4	49.9
1992	294,374	16.0	10.5	47.2
1993	294,374	16.0	10.7	20.5
1994	294,374	16.0	11.0	41.8
1995	294,374	16.0	11.2	44.7
1996	367,967	16.0	11.2	91.2
1997	367,967	16.0	11.4	13.3
1998	367,967	16.0	11.5	93.7
1999	367,967	24.0	17.3	67.9
2000	367,967	20.0	15.8	49.6
2001	490,623	20.0	15.8	49.1
2002	490,623	46.5	43.0	97.6

share analysis

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 4TH Q 2002

	4th Q 2002	3rd Q 2002	%change
PPB share price			
Closing price (high)	4.30	4.14	3.86%
Closing price (low)	3.80	3.78	0.53%
Month end closing price	3.94	3.84	2.60%
Weighted share price	4.03	3.96	1.85%
Market capitalization (RM' million)	1,933.06	1,883.99	2.60%
PPB share volume			
Daily volume (high)	514,000	413,000	24.46%
Daily volume (low)	2,000	2,000	0.00%
Average daily volume shares	100,097	114,955	-12.92%
Kuala Lumpur Composite Index (KLCI) share price			
KLCI closing (high)	662.78	744.62	-10.99%
KLCI closing (low)	616.46	636.75	-3.19%
KLCI month end closing	646.32	638.01	1.30%
Kuala Lumpur Composite Index (KLCI) share volume			
Daily volume (high)	75,413,000	69,265,200	8.88%
Daily volume (low)	16,168,400	18,752,400	-13.78%
Average daily volume shares	33,903,771	33,038,483	2.62%

KLCI & PPB Share Price for 4th Q 2002



The Bali bomb blast in October and Standard & Poor's downgrade of the Malaysian banking sector in November triggered the selling of big cap stocks by foreign investors and caused KLCI to fall to its year end low of 614 points in early December.

Market sentiment continues to be affected by concerns over a slowdown in the US economy as well as developments in the Middle East. In December, the KLSE CI's performance improved following buying interests especially for index-linked stocks to close the year higher at 646.32 points gaining 1.3% for the quarter.

In line with KLCI's performance, PPB closed at RM3.94 on 31 December 2002, 2.6% higher than the previous quarter with a market capitalization of RM1,933 billion. The daily average turnover showed a decline of 2.60% compared to the preceding quarter.

financial statistics

GROUP FINANCIALHIGHLIGHTS

		12 months 31.12.2002 (RM'million)	12 months 31.12.2001 (RM'million)	Change (%)
Income Statements				
Revenue		7,857.980	5,629.093	39.6
Profit from operations		385.976	235.119	64.2
Profit before taxation		508.883	321.566	58.3
Earnings for the year		250.703	170.302	47.2
Balance Sheet				
Non-current assets		3,425.897	3,347.837	2.3
Current assets		1,968.442	1,863.446	5.6
■ Cash and deposits		478.532	492.913	-2.9
Non-current and deferred liabilities		153.238	101.602	50.8
Current liabilities		933.594	1,002,498	-6.9
■ Borrowings				
-> Long term		78.148	32.824	138.1
-> Short term		383.244	469.605	-18.4
Share capital		490.623	490.623	-
Shareholders' fund		2,826.853	2,775.528	1.9
Funds employed		4,460.745	4,208.785	6.0
Financial Ratios				
Return on net assets	(%)	11.47	7.68	
Return on equity	(%)	8.87	6.14	
EPS	(sen)	51.10	34.71	47.2
Profit before tax over revenue	(%)	6.48	5.71	
Interest coverage	(times)	37.69	24.34	54.8
Current ratio	(times)	2.11	1.86	13.4
Debt ratio	(%)	2.69	1.17	
NTA per share	(RM)	5.69	5.58	2.0
Net dividend per share	(sen)	43.00	15.80	172.2
Stock Market Information				
Share price	(RM)	3.94	3.32	18.7%
Market capitalisation	(RM'million)	1,933.06	1,628.87	18.7%
PE ratio	(times)	7.71	9.56	

announcements 2002

8 november

A Special Dividend of 25 sen per share tax exempt was declared.

15 november

Release of 3rd Quarter Report for the period ended 30 September 2002.

press release

PPB GROUP BERHAD'S FINANCIALRESULTS FOR THE YEAR ENDED 31.12.2002

Overview

Year 2002 has been a successful one for PPB Group Berhad. The Group achieved its best financial performance to-date recording a pre-tax profit of over half a billion Ringgit at RM508.9 million. This record performance demonstrates that the strategies undertaken by the Group to strengthen its core businesses and improve profit margins have been effective.

Financial Highlights

The pre-tax profit of RM508.9 million for the financial year ended 31 December 2002 is a significant 58.3% improvement over that of RM321.6 achieved in the previous year. The growth in profit was largely attributable to higher contributions from the plantations, commodity trading, flour and feed milling activities and property development.

Revenue rose by 39.6% to RM7.858 billion from RM5.629 billion in 2001 principally due to higher palm product prices and production. Net profit was up by 47.2% at RM250.7 million, representing earnings per share of 51.1 sen.

The Group's balance sheet remains strong with total assets growing to RM5.394 billion and shareholders' fund of RM2.827 billion. Strong cash flows from operations have contributed to the Group's financial resilience as reflected by its liquid funds and net cash position, which as at 31 December 2002 stood at RM478.5 million and RM17.1 million respectively. This healthy cash position provides the Group with immediate resources to capitalize on any strategic investment opportunities. Net tangible assets per share improved to RM5.69 from RM5.58.

Dividends

In view of the substantial increase in profit, the Board of Directors has recommended a final dividend of 12.5 sen per share comprising 7.5 sen less tax and 5 sen tax exempt. Together with the interim dividend of 9% (5% less tax and 4% tax exempt) and the special dividend of 25% tax exempt, PPB's total dividend for the financial year would be 46.5 sen. Total net dividend would amount to RM211 million exceeding last year's payment of RM68.7 million by 207%. This represents a payout ratio of 97.6 % of the Company's earnings and a net dividend yield of 10.9%.

Review of Results

The major contributors to the increased profit are :-

<u>Oil palm plantations</u>

The oil palm plantation operations had an outstanding year in 2002. PPB Oil Palms Berhad's (PPBOP) pre-tax profit increased 3.6 fold to RM168.6 million from RM47.2 million driven mainly by the significantly higher palm product prices and CPO production. The average prices achieved for CPO and palm kernel rose to RM1,299 and RM608 per tonne, up from RM835 and RM 383 respectively in 2001.

The total matured area expanded by 8% to 54,648 hectares producing 1,050,900 tonnes of FFB. Together with FFB supplied by outside parties, PPBOP mills processed 1,257,480 tonnes of FFB, an increase of 7% over 2001. CPO produced rose by 10% to 279,560 tonnes due to higher extraction rate and throughput.

<u>Flour and animal feed milling</u>

Despite increased competition, flour and animal feed contributed higher operating profits of RM90.1 million compared with RM70.9 million the year before mainly due to measures undertaken to control operating cost and increase sales. One such measure taken, was the replacement and relocation of older factories with new state-of-the art mills to increase cost competitiveness.

<u>Property</u>

Profits from the launch of Phase 1 and Phase 2 of the Bukit Segar residential homes of 299 units comprising primarily semi-detached and bungalows accounted for PPB Hartabina's improved profit of RM25.2 million.

Film exhibition and distribution

The film exhibition and distribution division returned to profitability to record operating profit of RM5.6 million compared with a loss of RM4.4 million the year before mainly due to higher admissions resulting from the increase in the number of strong blockbuster films released and the reduction in entertainment tax.

Other core businesses like sugar refining, edible oils refining and waste management and utilities continued to contribute steady profits to the Group.

Major Activities During 2002

FFM's first overseas mill in Vietnam under Vietnam Flour Mills Ltd completed its first full year of operations to achieve an average production capacity of 50% and sales of 43,300mt.

PPBOP commissioned its first palm oil mill of 30-tonne per hour in West Sumatra, Indonesia to process FFB from its wholly owned subsidiary PT Tidar Sungkai Sawit and surrounding areas.

Kalimantan Palm Industries Sdn Bhd, a wholly-owned subsidiary of PPBOP, has entered into a Shares Sale Agreement to acquire 90% interest in PTKerry Sawit Indonesia which owns 32,200 hectares of land proposed for oil palm cultivation in Central Kalimantan. With the completion of the acquisition, PPBOP's land bank in Indonesia will increase from 25,727 hectares to 57,927 hectares.

The Group acquired a 33% stake in Global Entertainment and Management Systems Sdn Bhd which owns 25% of Tanjong Golden Village to expand its cinema market share.

Expansion Plans For 2003

Another 220-mt per day flour mill in Kuching under FFM Flour Mills (Sarawak) Sdn Bhd is scheduled to commence operations in March 2003 to cater to the East Malaysian market.

The relocation of FFM's facilities from South Port, Port Klang to Pulau Indah will include the setting up of another new 500-mt per day flour mill next to the existing new mill of similar capacity and a new 50-mt per hour feed mill at the same location costing RM62 million. The relocation exercise is expected to be completed by early 2005, which will increase FFM's wheat flour milling capacity to 2,780 mt per day.

PPBOP will continue to develop its remaining oil palm land in East Malaysia and Indonesia totalling 14,841 hectares.

Suburmas Plantations Sdn Bhd, a 70% subsidiary of PPBOP is planning to build an oil palm mill of 40-tonne per hour in Sarawak for RM24 million under a joint venture agreement with three other companies.

Golden Screen Cinemas is planning to set up a 12-screen Cineplex in Gurney Plaza, Penang which will increase the Group's total exhibition screens to 86 screens. Plans are also in progress to increase market share in the Klang Valley.

Challenges In The Coming Years

The implementation of AFTA will inevitably increase competition for goods produced by the Group and affect profit margins. To retain market share and earnings, the Group's food operations have embarked on several programmes to improve cost efficiency, capitalize on economies of scale, increase synergy of operations and enhance the quality of its products.

Faced with limited opportunities to secure government or state utility projects, Chemquest Sdn Bhd, PPB's 55% subsidiary engaged in waste management and utility projects will look towards the overseas markets to expand earnings.

The property sector has limited residential land bank for future development and is faced with rising land cost. It is aggressively looking for new residential land bank in suburban areas as well as developing some of the Group's existing commercial properties.

Prospects For 2003

Based on the prevailing favorable commodity prices and the strong fundamentals of the Group's businesses, we are optimistic that this year's profit would be able to match that of year 2002.

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have been audited)	3 months ended 31 DECEMBER		12 months ended 31 DECEMBER	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	2,199,312	1,849,494	7,857,980	5,629,093
Operating expenses	(2,076,497)	(1,793,343)	(7,507,158)	(5,414,311)
Other operating income	13,362	8,867	35,154	20,337
Profit from operations	136,177	65,018	385,976	235,119
Net profit from investing activities	8,490	8,541	19,592	15,962
Share of associated companies' profits less losses	29,484	19,662	117,084	84,254
Share of jointly controlled entities' profits less losses	80	(196)	102	8
Finance costs	(5,645)	(3,070)	(13,871)	(13,777)
Profit before taxation	168,586	89,955	508,883	321,566
Taxation	(42,916)	(9,269)	(116,528)	(73,304)
Profit after taxation	125,670	80,686	392,355	248,262
Minority interest	(45,667)	(30,652)	(141,652)	(77,960)
Profit attributable to shareholders	80,003	50,034	250,703	170,302
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	16.31	10.20	51.10	34.71
(b) Diluted (based on 490,623,124 ordinary shares) arising from exercise of employee share options granted by PPB Oil Palms Berhad (PPBOP) thereby diluting group's share of PPBOP's earnings.	16.22	10.19	50.92	34.71

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 DEC 2002 RM'000	As at 31 DEC 2001 RM'000
Property, plant and equipment	2,449,785	2,375,236
Land held for development	14,817	15,153
Investment in associated companies	687,233	675,320
Investment in jointly controlled entities	314	671
Long term investments	236,655	242,384
Goodwill on consolidation	37,093	39,073
Current Assets		
Inventories	729,666	590,229
Land under development	44,890	44,874
Receivables	715,354	735,430
Cash and cash equivalents	478,532	492,913
	1,968,442	1,863,446
Current Liabilities		
Payables	535,520	494,938
Short term borrowings	383,244	469,605
Taxation	14,830	37,955
	933,594	1,002,498
Net Current Assets	1,034,848	860,948
	4,460,745	4,208,785
Financed by :		
Share capital	490,623	490,623
Reserves	2,336,230	2,284,905
Shareholders' equity	2,826,853	2,775,528
Minority interest	1,480,654	1,331,655
Long term borrowings	78,148	32,824
Reserve on consolidation	11,187	11,721
Deferred taxation	63,903	57,057
	4,460,745	4,208,785
Net tangible assets per share (sen)	569	558

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Non-distributable Reserves: Revaluation reserve RM'000	Non-distributable Reserves: Exchange translation reserve RM'000	Non-distributable Reserves: Capital reserve RM'000	Non-distributable Reserves: Total reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2001	367,967	143,908	150,090	25,479	120,382	295,951	1,819,149	2,626,975
Net (losses)/gains not recognised in the income statement	-	-	4,385	(1,742)	(2,167)	476	4,381	4,857
Net Profit for the year	-	-	-	-	-	-	170,302	170,302
Transfer of reserves	-	-	(12,076)	-	4,724	(7,352)	7,352	-
Dividends paid	-	-	-	-	-	-	(26,494)	(26,494)
Bonus issue of 1 for 3	122,656	(122,656)	-	-	-	-	-	-
Bonus issue expenses	-	(112)	-	-	-	-	-	(112)
At 31 December 2001	490,623	21,140	142,399	23,737	122,939	289,075	1,974,690	2,775,528
Net (losses)/gains not recognised in the income statement	-	-	(5,702)	8,260	16,484	19,042	(16,271)	2,771
Net Profit for the year	-	-	-	-	-	-	250,703	250,703
Transfer of reserves	-	-	(3,397)	-	968	(2,429)	2,429	-
Dividends paid	-	-	-	-	-	-	(202,137)	(202,137)
Bonus issue expenses	-	(12)	-	-	-	-	-	(12)
At 31 December 2002	490,623	21,128	133,300	31,997	140,391	305,688	2,009,414	2,826,853

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM'000	2001 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	508,883	321,566
Adjustments :-		
Non-cash items	17,189	40,666
Non-operating items	(7,480)	(6,649)
Operating profit before working capital changes	518,592	355,583
Working capital changes		
Net change in current assets	(110,114)	(72,505)
Net change in current liabilities	56,557	85,183
Cash generated from operations	465,035	368,261
Tax paid	(132,523)	(58,118)
Net cash generated from operating activities	**332,512**	**310,143**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(220,187)	(270,486)
Proceeds from disposal of property, plant and equipment	23,465	9,528
Investment in subsidiary companies	-	(13,167)
Proceeds from disposal of subsidiary companies	-	(436)
Investment in associated companies	(5,740)	(2,250)
Proceeds from disposal of associated companies	59,398	3
Redemption of preference shares of an associated company	12,141	-
Purchase of other investments	(130)	(9,974)
Proceeds from disposal of other investments	-	19,094
Dividend received from investments	37,482	47,009
Interest received	13,277	14,036
Other investing activities	(573)	14,204
Net cash used in investing activities	**(80,867)**	**(192,439)**
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	44,593	4,945
Bank borrowings	(42,564)	(13,768)
Interest paid	(14,502)	(21,638)
Dividends paid	(257,735)	(69,917)
Other financing activities	(19)	(128)
Net cash used in financing activities	**(270,227)**	**(100,506)**
Net (decrease)/increase in cash and cash equivalents	**(18,582)**	**17,198**
Cash and cash equivalents at 1 January	482,082	465,853
Effect of exchange rate changes	2,910	(969)
Cash and cash equivalents at 31 December	**466,410**	**482,082**

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2001.)

NOTES

A. MASB 26 - Paragraph 16

A1. Accounting policies

The quarterly financial statements of the Group are prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the most recent audited annual financial statements.

The quarterly financial statements are prepared in accordance with MASB 26 - "Interim Financial Reporting" and the KLSE Revised Listing Requirements, and should be read in conjunction with the Group's most recent audited annual financial statements.

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

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

A3. Seasonal or Cyclicality of Interim Operations

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

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

i) Impairment of Property, Plant & Equipment

PGEO Edible Oils Sdn Bhd, a 100% owned indirect subsidiary held through FFM Berhad and PPB Oil Palms Berhad, has in October 2002, discontinued the refining operation of one of its plants due to higher cost incurred to secure the supply of crude palm oils. An impairment loss of RM1.575 million is provided for the said plant after taking into consideration the estimated recoverable value of the plant in comparison to its carrying amount.

A8. Segmental reporting

All figures in RM'000 **Information about Business Segments:**	Sugar refining and cane plantation	Flour, feed and grain milling	Edible oils trading & refining	Oil palm plantation
REVENUE				
External Sales	715,388	666,222	5,640,700	93,125
Inter-Segment sales	133	31,479	97,557	313,313
Total revenue	715,521	697,701	5,738,257	406,438
RESULT				
Segment operating profit/(loss)	68,880	90,140	38,206	154,830
Unallocated corporate expense				
Operating profit				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	6,557	-	71,635 *	2,430
Share of jointly controlled entities' profits less losses	-	-	-	-
Profit before taxation				

**** Included share of profit from an associate engaged in commodity trading amounting to RM67.006 million.***
 # Included profit from sale of vessel amounting to RM6.160 million.

ii) Capital Redemption on Preference Shares of An Associated Company

On 6 September 2002, the Group received from Kuok Oils & Grains Pte Ltd, Singapore ("KOG"), a 28% associated company, an amount of SGD5.578 million (RM12.141 million) being redemption sum on 387,333 preference shares at the issue price of SGD14.40 each. The capital redemption does not have any impact on the Group's equity interest in KOG, other than reducing the cost of investment by that amount.

A5. Nature and amount of changes in estimates

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

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

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

A7. Dividends paid during the financial year ended 31 December 2002

	12 months ended 31 DEC 2002 RM'000
Dividends paid on ordinary shares	
2001 Final dividend - 5 sen tax exempt & 5 sen less 28% income tax	42,194
2002 Interim dividend- 4 sen tax exempt & 5 sen less 28% income tax	37,287
2002 Special dividend - 25 sen tax exempt	122,656
	202,137

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
42,285	83,466	130,829	73,987	102,304	309,674	-	7,857,980
2,630	15,838	-	-	1,232	19,168	(481,350)	-
44,915	99,304	130,829	73,987	103,536	328,842	(481,350)	7,857,980
(5,770)	9,645	7,370	5,532	26,718	3,176	471	399,198
							(13,222)
							385,976
							19,592 #
							(13,871)
-	-	12,089	117	4,730	19,526	-	117,084
-	-	177	(75)	-	-	-	102
							508,883

A9. Valuation of Property, Plant and Equipment

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

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

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

A11. Changes in the composition of the Group

a) PPB had on 28 February 2002 subscribed for 33.33% equity interest equivalent to one (1) ordinary share of RM1.00 each in Global Entertainment and Management Systems Sdn Bhd ("GEMS") and had on 16 September 2002 further subscribed for 99,999 ordinary shares of RM1.00 each in GEMS. GEMS was established for the purpose of acquiring 25% equity interest in Tanjong Golden Village Sdn Bhd ("TGV") for a total cash consideration of RM12,920,000. PPB's share of the total investment cost in TGV is RM4,307,000.

b) PPB's 55% indirect subsidiary, Chemquest (Overseas) Ltd, had on 12 March 2002 acquired a 50% equity interest in the entire issued and paid-up capital of Kerry Utilities Limited ("KUL") equivalent to 1 ordinary share of USD1.00 for a total cash consideration of USD1.00. KUL, a company incorporated in Samoa, will explore investment opportunities in China especially in water treatment, waste water treatment and solid waste management activities.

c) On 6 June 2002, FFM Berhad, a 53.8% subsidiary completed the acquisition of 100% equity interest in Millcake (Malaysia) Sdn Bhd ("Millcake") for a cash consideration of RM2. On 26 September 2002, Millcake changed its name to FFM Everbloom Sdn Bhd.

d) On 1 July 2002, Golden Screen Cinemas Sdn Bhd, a 54.2% indirect subsidiary of PPB, increased its shareholdings in Cinead Sdn Bhd from 50% to 100% with the acquisition of 50% equity interest equivalent to 50,000 ordinary shares of RM1.00 each from Cathay Screen Cinemas Sdn Bhd, a 66.2% indirect subsidiary of PPB, for a total cash consideration of RM447,000. Cinead is principally involved in screen advertising.

e) The disposal of the Company's 20% equity interest in Tanjung Aru Hotel Sdn Bhd to Orange Grove Holdings Pte Ltd for a total cash consideration of RM30.710 million was completed on 17 July 2002.

f) On 31 July 2002, PPB Leisure Holdings Sdn Bhd ("PPBL"), a wholly-owned subsidiary of PPB, acquired 50% equity interest in Golden Abacus Pte Ltd ("GA") equivalent to 50,000 ordinary shares of SGD1.00 each from Abacus International Pte Ltd for a total cash consideration of SGD225,000 (RM488,362). GA is the owner of the cinema ticketing system software programs used in the cinemas operated by PPBL's subsidiary and related companies.

g) On 1 October 2002, PPB Oil Palms Berhad ("PPBOP"), a 55.9% subsidiary of PPB acquired 100% equity interest in Kalimantan Palm Industries Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.

A12. Changes in contingent liabilities or contingent assets

The were no changes in the unsecured bank guarantees issued in consideration of credit facilities granted to associated companies as at 31 December 2002.

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

B. KLSE Listing Requirements (Part A of Appendix 9B)

B1. Review of Performance

Group revenue of RM7.858 billion for the year ended 31 December 2002 improved by 40% compared to RM5.629 billion for the previous year. The increase was mainly due to higher FFB production, palm oil prices and sales of edible oils by the edible oils trading and refining division.

The Group generated a record profit before tax of RM508.883 million representing an increase of 58% compared to RM321.566 million for the preceeding year. The oil palm plantation division contributed substantially higher profits mainly due to favourable prices for its palm products. The flour, feed and grain milling operations have performed better despite the difficult trading conditions. The property division achieved higher profits from the Bukit Segar Phase I and II residential development and the associated company engaged in commodity trading also contributed higher profits compared to the previous year. The film exhibition operation has turned around to register a modest profit compared to a loss position in 2001. The Group's other main business activities achieved satisfactory profits when compared to 2001 except for livestock farming.

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

The Group profit before tax for the quarter under review of RM168.586 million was 7% higher compared to RM157.683 million for the preceding quarter. The oil palm plantation division contributed higher profits in the current quarter mainly due to higher FFB production and better prices realised for its palm products . The property division contributed higher profits from the launching of its Bukit Segar Phase II residential development whilst the weak performance of the livestock division continued to be affected by depressed prices. Better refining margins by edible oils trading and refining division, improved profitability of the feed and grain milling operations and higher share of associates' profits, all contributed towards the higher profitability for the current quarter.

3. Prospects for the next financial year

Based on current palm oil prices and with higher crop production, contributions from the oil palm plantation division are expected to be higher than that in year 2002. The property and the film exhibition operations are expected to remain profitable whilst other main operating divisions are also expected to maintain their performance. Under current trading conditions, it is envisaged that Group performance for the year 2003 will match that of 2002.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

Taxation comprises:-	3 months ended 31 DEC 2002 RM'000	12 months ended 31 DEC 2002 RM'000
Malaysian taxation based on profit for the period:-		
Current	32,351	90,114
Deferred	(2,279)	(1,681)
Share of taxation of associated companies	2,505	9,238
Share of taxation of jointly controlled entities	41	45
	32,618	97,716

NOTES continued

B5. Taxation (continued)

Taxation comprises:-	3 months ended 31 DEC 2002 RM'000	12 months ended 31 DEC 2002 RM'000
Foreign taxation		
Current	298	299
Deferred	3,001	3,001
Share of taxation of associated companies	2,290	10,759
	38,207	111,775
Over provision in prior years	4,709	4,753
	42,916	116,528

The effective tax rate is lower than the statutory rate mainly because of the utilisation of reinvestment allowance, unabsorbed capital allowances and unabsorbed tax losses of certain subsidiary companies.

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

There were losses on sale of unquoted investments in associated companies amounting to RM2.742 million and a profit on sale of properties amounting to RM4.293 million.

B7. Quoted securities

(a) There were no sales of quoted investments for the period under review, whilst purchases of quoted investments amounted to RM130,000.

(b) Total investments in quoted securities as at 31 December 2002 are as follows:-

	RM'000
At cost	226,905
At book value	214,203
At market value	159,695

B8. Status of corporate proposals

(a) Savers Retail Sdn Bhd, a 100% owned subsidiary of the Company, was placed under members' voluntary liquidation on 30 August 2002. The liquidation is currently in progress and the surplus from liquidation is not material.

(b) Reefton Sdn Bhd, a 100% owned subsidiary of FFM Berhad, was placed under members' voluntary liquidation on 23 September 2002. The liquidation is in progress and the gain arising from liquidation is estimated at RM0.457 million.

(c) PPB's 70% indirect subsidiary, Suburmas Plantations Sdn Bhd ("Suburmas"), entered into a joint venture agreement dated 19 December 2002 with several Sarawakian parties to construct, own and operate a 40-tonne per hour crude palm oil mill in Sarawak. Subject to the relevant approvals, Suburmas proposes to subscribe for 53% equity interest in the joint venture company known as Suburmas Palm Oil Mill Sdn Bhd (formerly known as E-mage Sdn Bhd).

(d) PPB's indirect wholly-owned subsidiary, Kalimantan Palm Industries Sdn Bhd, entered into a conditional Shares Sale Agreement dated 23 December 2002 with Kerry Holdings (Indonesia) Limited ("KHI") to acquire from KHI, 5,850 shares of USD1,000/- each equivalent to 90% equity interest in PT Kerry Sawit Indonesia ("KSI") for a cash consideration of USD2.0 million. KSI owns two pieces of contiguous land in Central Kalimantan, Indonesia with a total area of about 32,000 hectares, which are proposed to be developed into an oil palm plantation.

NOTES continued

B9. Group borrowings

Total Group borrowings as at 31 December 2002 are as follows:-

	RM'000 Total	RM'000 Secured	RM'000 Unsecured
Long term bank loans	2,606	-	2,606
Long term bank loans (USD)	77,124	-	77,124
Long term bank loans (SGD)	3,320	3,320	-
Hire purchase liabilities	209	209	-
Repayments due within the next 12 months	(5,111)	(473)	(4,638)
	78,148	3,056	75,092
Short term bank borrowings			
Bills payable	304,268	-	304,268
Short term loans	40,550	-	40,550
Short term loans (USD)	13,300	-	13,300
Short term loans (Vietnamese Dong)	7,893	-	7,893
Current portion of long term loans	4,995	357	4,638
Hire purchase liabilities	116	116	-
	371,122	473	370,649
Bank overdrafts	12,122	-	12,122
	383,244	473	382,771

B10. Off Balance Sheet Financial instruments

Foreign Currency Contracts

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument.

As at 22 February 2003, the Group has hedged outstanding foreign currency contracts of USD190.022 million equivalent to RM724.555 million. These contracts are short term and are due to mature within the next six months.

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

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

Commodities Futures Contracts

The Group enters into commodity future contracts to hedge its exposure to price volitility in palm oil commodities. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

As at 22 February 2003, the Group's outstanding commodities futures contracts amounted to RM59.622 million. All these outstanding contracts are due to mature within the next four months.

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

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

B11. Material litigation

There are no changes in the status of the two pending litigations since the last annual balance sheet date up to 22 February 2003, being the latest practicable date which is not earlier than seven (7) days from the date of this quarterly report. The High Court of Sabah and Sarawak has yet to set the dates for hearing/mention of the respective cases.

B12. Dividend

The Directors have recommended the payment of a Final Dividend of 12.5 sen per share comprising of 5 sen tax exempt and 7.5 sen less 28% income tax (2001 : 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax) payable on Thursday, 29 May 2003 subject to approval of shareholders at the Annual General Meeting to be held on Friday, 9 May 2003.

Together with the interim dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax paid on 19 September 2002 and a Special Dividend of 25 sen tax exempt paid on 16 December 2002, the total dividend paid and payable to-date for the financial year ended 31 December 2002 is 46.5 sen per share comprising of 34 sen tax exempt and 12.5 sen less 28% income tax (2001 : 20 sen per share comprising 5 sen tax exempt and 15 sen less 28% income tax).

Dividend payment/entitlement date

Notice is hereby given that the final dividend will be payable on Thursday, 29 May 2003 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 16 May 2003.

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

(i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 16 May 2003 in respect of ordinary transfers, and

(ii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Dividends Paid / Declared

Dividends paid and declared for financial year 2001 and up to the date of this report :-

Financial Year	Type	Rate	Payment Date
2001	Interim dividend Final dividend	10 sen less 28% income tax 5 sen tax exempt & 5 sen less 28% income tax	19 September 2001 23 May 2002
2002	Interim dividend Special dividend Proposed final dividend	4 sen tax exempt & 5 sen less 28% income tax 25 sen tax exempt 5 sen tax exempt & 7.5 sen less 28% income tax	19 September 2002 16 December 2002 29 May 2003

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's profit after taxation and minority interest of RM250.703 million (2001 : RM170.302 million) over the 490,623,124 ordinary shares of PPB in issue during the year.

The diluted earnings per share has been calculated by dividing the Group's net profit for the period, 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, over the 490,623,124 ordinary shares of PPB in issue during the year.

	3 months ended 31 DECEMBER		12 months ended 31 DECEMBER	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Net profit for the period	80,003	50,034	250,703	170,302
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the year	(445)	(25)	(866)	(25)
Adjusted net profit for the year	79,558	50,009	249,837	170,277

Kuala Lumpur
28 February 2003

By Order of the Board
Tan Teong Boon
Company Secretary

NOTES continued

Please direct your suggestions or comments to Ms Koh Mei Lee, Senior Manager (Corporate Affairs Department).

Registered Office: PPB GROUP BERHAD | 8167-W

17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.
Tel: 603-2141 2077 Fax: 603-2141 8242 email: corporateaffairs@ppb.com.my website: www.ppbgroup.com