



strength in unity

PPB GROUP BERHAD annual report 2001

2001



annual | report

the strength that has made us come this far....



When examined in cross section, the rope is made up of many strands of smaller fibres which have been twisted together to provide strength and resilience.



Similarly, the Group comprises many business operations which have been integrated to lend support to one another and to form a cohesive group.

Like a rope which remains strong whether bent, twisted, crossed or pulled, the Group too is resilient to pressures from external forces due to its strong and stable management.



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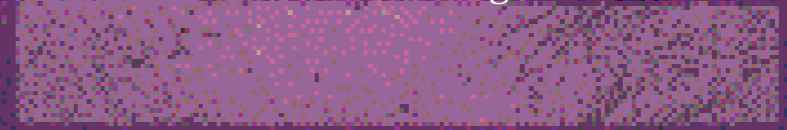


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## The Corporation

bend  
 to start

Bent on success, we are driven by our management's philosophy to expand beyond our comfort zone in search of new challenges.



## Corporate Information

### Board of Directors

Ong Ie Cheong	Executive Chairman
Datuk Oh Siew Nam	Deputy Chairman
Dato' Lim Chee Wah	Executive Director
Dato' Abdul Jabid bin Mohd Don	Non-Independent Non-Executive Director
Dato' Sri Liang Kim Bang	Independent Non-Executive Director
Ang Guan Seng	Independent Non-Executive Director
Tan Yew Jin	Non-Independent Non-Executive Director

### Registered Office

17th Floor Wisma Jerneh, 38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2141 2077 Fax: 03-2141 8242  
Website: www.ppbgroup.com

### Solicitors

Kadir, Andri Aidham & Partners  
8th Floor Menara Safuan, 80 Jalan Ampang,  
50450 Kuala Lumpur

Lee Hishammuddin  
Level 16 Menara Phileo, 189 Jalan Tun Razak  
50450 Kuala Lumpur

### Principal Bankers

Malayan Banking Berhad  
Citibank Berhad  
Bumiputra-Commerce Bank Berhad

### Audit Committee

Dato' Sri Liang Kim Bang Ang Guan Seng Tan Yew Jin	Chairman
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### Nomination Committee

Ang Guan Seng Dato' Sri Liang Kim Bang Tan Yew Jin	Chairman
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### Remuneration Committee

Dato' Sri Liang Kim Bang Ang Guan Seng Ong Ie Cheong	Chairman
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### Secretary

Tan Teong Boon

### Auditors

Moores Rowland  
7th Floor South Block, Wisma Selangor Dredging  
142A Jalan Ampang, 50450 Kuala Lumpur

### Registrar

PPB Corporate Services Sdn Bhd  
14th Floor Wisma Jerneh, 38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2141 2077 Fax: 03-2141 8242

### Stock Exchange Listing

Kuala Lumpur Stock Exchange (Main Board)  
Sector: Consumer Products  
Stock Number: 4065  
ISIN: MYL406500008  
Reuters Code: PEPT.KL

## Board of Directors' Profile

### MR ONG IE CHEONG

Ong Ie Cheong, 60, a Malaysian, is a Non-Independent Executive Director and Executive Chairman of PPB Group Berhad. He was appointed to the Board on 18 September 1985 and was the Deputy Managing Director of the Company since 1993 before being appointed Chairman and Managing Director in 2000 and subsequently as Executive Chairman in 2001. He is a member of the Remuneration Committee of the Company. Mr Ong is also the Managing Director of Central Sugars Refinery Sdn Bhd since 1983. In addition, he holds directorships in PPB Oil Palms Berhad, Tradewinds (M) Bhd and Kuok Brothers Sdn Bhd. Mr Ong graduated from University of Malaya with a Bachelor of Science degree.



### DATUK OH SIEW NAM

Y. Bhg. Datuk Oh Siew Nam, 63, a Malaysian, is a Non-Independent Executive Director and Deputy Chairman of PPB Group Berhad. He was appointed to the Board on 2 March 1988 and was the Managing Director of the Company from 1993 to 1999. Datuk Oh joined the FFM Group in 1968 and is presently the Executive Chairman of FFM Berhad. He is also a Director of Kuok Brothers Sdn Bhd and a Board Member of Bank Negara Malaysia since 1989. He served as a Member of the Capital Issues Committee from 1990 to 1993 and the National Economic Consultative Council II (MAPEN II). He was the Assistant Controller of Telecom Malaysia for five years from 1963. He holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.

### DATO' LIM CHEE WAH

Y. Bhg. Dato' Lim Chee Wah, 62, a Malaysian, is a Non-Independent Executive Director of PPB Group Berhad. He was appointed to the Board on 2 March 1988. Dato' Lim is also the Executive Chairman of Malayan Sugar Manufacturing Co. Berhad. He serves on the Boards of Jerneh Asia Berhad and Kuok Brothers Sdn Bhd as a Director and is a trustee of Kuok Foundation Berhad. He graduated from the University of Malaya with a Bachelor of Economics (Honours) Degree.



### DATO' ABDUL JABID BIN MOHD DON

Y. Bhg. Dato' Abdul Jabid bin Mohd Don, 72, a Malaysian, is a Non-Independent Non-Executive Director of PPB Group Berhad. He was appointed to the Board on 11 January 1985. Dato' Jabid held several positions in the Government service which include, amongst others, Deputy Secretary-General, Ministry of Home Affairs and Director-General of Immigration, Malaysia. He serves on the Boards of Tradewinds (M) Bhd and various private companies.

### DATO' SRI LIANG KIM BANG

Y. Bhg. Dato' Sri Liang Kim Bang, 65, a Malaysian, is an Independent Non-Executive Director of PPB Group Berhad. He was appointed to the Board on 4 January 1995. He is the Chairman of the Audit Committee and Remuneration Committee and also a member of the Nomination Committee of the Company. Dato' Sri Liang held various positions in the Sarawak Civil service and his post prior to his retirement in 1994 was Sarawak's State Financial Secretary. Presently, he is a Non-Executive Chairman of CMS Steel Berhad and an Independent Non-Executive Director of PPB Oil Palms Berhad, Malaysia International Shipping Corporation Berhad, Cahya Mata Sarawak Berhad, CMS Trust Management Berhad and several other companies. Dato' Sri Liang graduated from the University of Malaya with Bachelor of Arts and Bachelor of Arts (Honours) Degrees. He also undertook a post-graduate course in Public Administration at the University of Cambridge, England.



### MR ANG GUAN SENG

Ang Guan Seng, 63, a Malaysian, is an Independent Non-Executive Director of PPB Group Berhad. He was appointed to the Board on 8 July 1998. Mr Ang is the Chairman of the Nomination Committee and also a member of the Audit Committee and Remuneration Committee of the Company. He is the Managing Director of Petaling Garden Berhad and sits on the Boards of various public and private companies which include, amongst others, MUI Industries Berhad and Parkway Holdings Limited.

### MR TAN YEW JIN

Tan Yew Jin, 60, a Malaysian, is a Non-Independent Non-Executive Director of PPB Group Berhad. He joined the Board on 12 May 2001. He is a member of the Audit Committee and Nomination Committee of the Company. Mr Tan is the Executive Chairman of PPB Oil Palms Berhad. He also serves on the Boards of FFM Berhad, Jerneh Asia Berhad and Tradewinds (M) Berhad. Mr Tan graduated in Accountancy from Perth Technical College, Western Australia and is a member of the CPA Australia. He is also a registered member of the Malaysian Institute of Accountants, Malaysian Association of Certified Public Accountants and Institute of Certified Public Accountants of Singapore.



None of the above Directors has any family relationship with any other Director and/or major shareholder of PPB Group Berhad and has no conflict of interest with the Company. The above Directors had no convictions for any offences within the past ten years.

## Chairman's Statement

### Overview of Results

On behalf of the Board of Directors, I am pleased to report on the improved performance of PPB Group Berhad notwithstanding the global economic slowdown. This is attributed to the Group's diversified core businesses and resilience to the challenging business environment.

The Group's profit before exceptional gains improved marginally by 3.6% to RM324.1 million from RM312.8 million in the previous year. Revenue grew by 7.4% to RM5.629 billion mainly due to higher sales from edible oils refining operations.

Pre-tax profit, however, was lower at RM321.6 million compared with RM408.9 million achieved in 2000 which included exceptional gains of RM96.1 million from the disposal of RA-PPB (Tops) Retail Sdn Bhd and certain quoted investments. There were no such exceptional gains in 2001. As a result, Group profit after tax and minority interest declined by 30.3% to RM170.3 million.

During the year, the Company issued bonus shares on the basis of 1 for 3 amounting to 122,655,781 shares which increased the Company's paid-up capital from RM367,967,343 to RM490,623,124. The Group's earnings and net tangible assets per share based on the enlarged share capital were 34.7 sen and RM5.58 respectively.

### Dividends

The Board of Directors has recommended a final dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% tax (2000 : 10 sen less 28% tax) amounting to RM42.2 million (2000 : RM26.5 million) payable on 23 May 2002. Together with the interim dividend of 10 sen per share less 28% tax (2000 : 5 sen tax exempt and 5 sen less 28% tax) paid on 19 September 2001, the total dividend for the financial year is 20 sen comprising 5 sen tax exempt and 15 sen less 28% tax amounting to RM68.7 million (2000: RM58.1 million).

The total dividend amount for the financial year 2001 represents a dividend payout ratio of 49.1% of the Company's net profit.

### Foods

The foods division remains the major earner for the Group, contributing approximately 60.8% and 58.8% of the Group's revenue and pre-tax profit respectively. The edible oils refining activities under PGEO Group achieved higher profits from increased sales whilst performance of the flour and feed milling activities was affected by stiff competition in a weaker market.

The Group's expansion into layer egg farms in Trong, Perak was completed in July 2001 and is currently producing 10 million eggs per month. Production is targeted to increase to 20 million per month by end of 2002. The expansion of the Group's flour milling activities to Vietnam was also completed in September 2001.

### Plantations

The plantations division faced another challenging year with the lower commodity prices. PPB Oil Palms Bhd achieved an average CPO selling price of RM835/mt as against RM918/mt achieved a year earlier. Notwithstanding the lower CPO prices, the plantations division managed to achieve higher profits as the surge in CPO production of 48% to 253,518 mt from 171,380 mt compensated for the lower CPO prices. FFB production also increased significantly from 828,714 mt to 1,005,690 mt in 2001, an increase of 21%, driven by higher yields and an increase in matured hectareage from 47,549 hectares to 50,419 hectares. Consequently, profit contribution from this division to Group pre-tax profit increased from 4.1% to 10.7%.



### Manufacturing and Services

The water engineering and solid waste management operations under Chemical Waste Management Sdn Bhd ("CWM") registered stronger profit contributions from its engineering works on the Sg. Selangor Phase 3 Water Supply Scheme and its 25% associated company, Konsortium ABASS Sdn Bhd, which entered the second year of its 30-year concession for the operation of the Sungai Semenyih Water Project.

CWM has been awarded new engineering projects for the Bayan Baru Sewerage Treatment Plant in Penang and the water treatment plant in Gadek, Melaka.

The financial performance of PT Healthcare Glovindo, which operates a glove factory in Medan, Indonesia was affected by lower sales and stocks write off due to a fire in the factory. Asia Pacific Microspheres Sdn Bhd also registered lower profits due to weaker demand for its phenolic microspheres.

Overall, this division maintained its previous year's performance.

### Entertainment and Property

The entertainment division's losses were reduced by more than 50% from a conscientious cost cutting programme, increased concession sales and closure of unprofitable screens. Total collections were marginally down due to the closure of unprofitable screens although collections from operating cinemas increased by 11%. Admissions at GSC's 18-screen cineplex at Mid Valley have been very encouraging and this popular cineplex is contributing significantly to the business. Although piracy remains a threat, increased enforcement by the government coupled with the reduction in entertainment tax rate from 30% to 25% effective 1 October 2001 will help increase ticket sales.

The launch of PPB Hartabina Sdn Bhd's 178 units of semi-detached and bungalow units in March 2001 at Taman Segar, Cheras was highly successful and all except for some bumiputera units have been sold. Its commercial properties namely, Cheras Plaza and Cheras Leisuremall were also fully tenanted throughout the year. Contribution from property division was higher at RM6.8 million.

### Shipping and Commodity Trading

Shipping operations under Malaysian Bulk Carriers Sdn Bhd performed satisfactorily due to its diversified fleet. During the year, Katella Sdn Bhd, purchased the Alam Aman II, a 47,000 dwt dry bulk carrier to transport raw materials for FFM Group's food processing activities, replacing Reefton's 27,420 dwt bulk carrier which has been disposed of. Commodity trading had a good year due to favourable trading conditions.



### Prospects for 2002

The foods division is expected to maintain its profitability. To remain as market leaders in an increasingly competitive environment, the foods division continually upgrades its facilities to enhance operating efficiency and cost competitiveness. In addition to the newly commissioned 500mt per day wheat flour mill in June 2001 at Pulau Indah, Port Klang, FFM is planning to set up another wheat flour mill of equal capacity at the same location to replace the South Port mill operations which is over 30 years old.

CPO prices have risen from the low of RM 694/mt in February 2001 to the current RM1,150/mt. If the present level of CPO prices is maintained, the plantations division is expected to achieve appreciably higher profits. FFB production is estimated to grow by 10 % which would further improve profits.

Chemquest Group will continue to contribute to the financial growth of the Group especially from its Sungai Semenyih concession and environmental engineering projects. To further increase growth, the Chemquest Group is looking to expand to China and other Asean countries in water engineering and waste management operations.

On our entertainment operations, the reduction in entertainment tax and increased enforcement on video piracy would provide the business with better prospects of turning around. Capitalizing on the strong demand for its semi-detached and bungalow units, our property arm, PPB Hartabina Sdn Bhd, will be launching their second phase of 121 units this year. Response is expected to be good in view of the government's growth forecast of 3.5% for 2002 and the low interest rate environment.

The Group will continually strive to strengthen its core businesses both domestically and regionally whilst looking for investments which are synergistic to our businesses. Going forward, we are well positioned to take on business challenges and the Group is cautiously optimistic that its performance for year 2002 will be better than that of the previous year.

### Directorate

I wish to welcome Mr Tan Yew Jin who joined the Board on 12 May 2001 and am certain that the Board will benefit from his experience and knowledge.

### Appreciation

The continued strength and success of the Group would not be possible without the commitment and dedication of its people. On behalf of the Board of Directors, I wish to thank all our employees for their invaluable contribution and am confident that together with our excellent management team and sound company policies, our Group will continue to grow and ensure good returns on shareholders' funds.

Finally, we wish to thank our shareholders and other stakeholders for their confidence and continued support of the Company and look forward to another successful year in 2002.

**Ong Ie Cheong**  
Executive Chairman

26 February 2002

## Group Financial Highlights

	2001 RM'Million	2000 RM'Million	% Change	
<b>INCOME STATEMENTS</b>				
Revenue	<b>5,629.093</b>	5,240.288	7.42	
Profit before taxation	<b>321.566</b>	408.855	-21.35	
Profit after taxation	<b>248.262</b>	321.005	-22.66	
Net profit for the year	<b>170.302</b>	244.482	-30.34	
<b>BALANCE SHEETS</b>				
Funds employed *	<b>4,208.785</b>	4,013.359	4.87	
Shareholders' funds *	<b>2,775.528</b>	2,653.469	4.60	
<b>RATIOS</b>				
Current ratio *	times	<b>1.86</b>	1.81	2.76
Interest coverage	times	<b>24.34</b>	21.73	12.01
LT Debt/(LT Debt + Equity) *	%	<b>1.17</b>	0.42	178.57
Return on equity *	%	<b>6.14</b>	9.21	-33.33
Return on net assets *	%	<b>7.68</b>	10.23	-24.93
Price/Operating cash flow	times	<b>5.18</b>	2.48	108.87
Price earnings ratio	times	<b>9.56</b>	5.30	80.38
Profit before tax over revenue	%	<b>5.71</b>	7.80	-26.79
Earnings per share #	sen	<b>34.71</b>	49.83	-30.34
Net dividend per share proposed/declared for the year	sen	<b>15.80</b>	15.80	0.00
Net tangible assets per share * #	RM	<b>5.58</b>	5.32	4.89
31st December closing price #	RM	<b>3.32</b>	2.64	25.76

\* The comparative figures have been adjusted accordingly to comply with MASB 19(11).

# The comparative figures have been adjusted for the 1 for 3 bonus issue in 2001.

## Corporate | Governance Statement

The Board of Directors (“Board”) of PPB Group Berhad (“Company”) has always recognized the importance of good corporate governance to ensure the Company’s continued growth and success. The Board is therefore committed to practising high standards of corporate governance throughout the Company and its group of companies (“PPB Group”) to protect and enhance shareholders value.

In view of this, the Board is pleased to disclose below the manner in which it has applied the principles of good governance. The Board is satisfied that the Group has complied with all the best practices set out in the Malaysian Code on Corporate Governance (“the Code”) throughout the financial year, unless otherwise stated.

### DIRECTORS

#### Board Responsibility

The Board is fully responsible for the effective control of the PPB Group. This includes responsibility for determining the Group’s strategic direction, financial performance, allocation of resources and standards of conduct. The Board meets at least four times a year, with additional meetings held when decisions on urgent matters are required between scheduled meetings.

During the financial year ended 31 December 2001, the Board met four times and the record of attendance of each Director is set out below: -

Name of Director	Attendance	% of Attendance
Ong Ie Cheong	3	75
Datuk Oh Siew Nam	4	100
Dato’ Lim Chee Wah	4	100
Dato’ Abdul Jabid bin Mohd Don	4	100
Dato’ Sri Liang Kim Bang	4	100
Ang Guan Seng	3	75
Tan Yew Jin	2 *	100

\* Tan Yew Jin attended both meetings held during the financial year following his appointment to the Board on 12-5-2001.

The Board has delegated specific responsibilities to three committees, namely, the Audit, Nomination and Remuneration Committees, which operate within approved terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

#### Board Balance

The Board has seven Directors comprising three Executive Directors and four non-Executive Directors, of whom two are independent. The number of independent directors is in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange which requires one third of the Board to comprise independent Directors. Collectively, the Directors bring to the Board a wide range of business, financial and technical experience for the effective management of the Group’s diversified businesses. The profile of each director is presented on **pages 1.4 to 1.5** of this Annual Report.

There is a clear division of responsibilities in the Company. The Executive Chairman represents the Board to shareholders and provides Board leadership and direction on policy formation and decision-making. He is supported by the Chief Executive Officers of the principal subsidiaries in managing the operations and business activities of the Group. The four non-Executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. They ensure that all proposals by management are fully deliberated and examined and take into account the interests of shareholders and other stakeholders and the communities in which the Group conducts its business. The independent directors provide unbiased and independent views to safeguard the interest of minority shareholders.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

On 8 November 2001, Dato’ Sri Liang Kim Bang was appointed as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

#### Supply of Information

All Directors are provided with an agenda and a set of Board papers issued in sufficient time prior to Board meetings to enable the Directors to obtain further explanation, where necessary to facilitate informed decision making. The Board papers include updates on financial, operational and corporate developments of the Group. At each Board Meeting, the directors are briefed on the Group’s activities and operations by the Chief Executive Officers of the principal subsidiaries.

In exercising their duties, the Directors have access to all information within the Company and to the advice and services of the Company Secretary. If necessary, the Directors can seek professional opinion and advice from external consultants including merchant bankers, valuers and financial advisers.

In addition, there is a schedule of matters reserved specifically for the Board’s decision, including amongst others, the overall Group strategy and direction, approval of interim and annual results, corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments and capital expenditures.

#### Appointments to the Board

As recommended by the Code, a Nomination Committee was set up on 11 May 2001 and comprises three non-Executive Directors, of whom two are independent. The members are Ang Guan Seng (Chairman), Dato’ Sri Liang Kim Bang and Tan Yew Jin.

The Committee assists the Board in the following: -

- \* Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- \* Regularly review the required mix of skills, experience and other qualities of the directors, including core competencies which non-executive Directors should bring to the Board.
- \* Review the Board structure, size and composition and make relevant recommendations to the Board including Directors to fill the seats on board committees.
- \* Assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of Directors.

Decisions on appointments are made by the Board after considering recommendations by the Committee. During the financial year ended 31 December 2001, the Nomination Committee had one meeting which was attended by all members.

#### Directors’ Training

There is a familiarization programme for new Board members, including visits to the Group’s businesses and meetings with senior management as appropriate, to facilitate their understanding of the Group. The Directors are also required to attend courses regularly to keep abreast of new regulatory developments and listing requirements.

#### Re-election of Directors

In accordance with the Company’s Articles of Association (“Articles”), all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the Board including the Executive Chairman is subject to re-election annually and each Director shall stand for re-election at least once every three years.

**DIRECTORS' REMUNERATION****Remuneration Policy**

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group successfully. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance. As for the non-Executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by the non-Executive Director.

**Remuneration Procedure**

The Remuneration Committee comprising mainly non-Executive Directors was established on 11 May 2001 to recommend to the Board the remuneration of the Executive Directors. It is, nevertheless the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The members of this Committee are Dato' Sri Liang Kim Bang (Chairman), Ong Ie Cheong and Ang Guan Seng.

The determination of the remuneration of the non-Executive Directors is a matter for the Board as a whole subject to approval of shareholders at the Annual General Meeting. The directors are not involved in the approval of their own remuneration package. During the financial year ended 31 December 2001, the Remuneration Committee had one meeting which was attended by all members.

**Remuneration Package**

The details of the remuneration of Directors on Group basis for the financial year ended 31 December 2001 are as follows :-

<i>(All figures in RM'000)</i>	<u>Executive Directors</u>	<u>Non-Executive Directors</u>
Salary	2,132	456
Fees	35	225
Bonus	2,250	450
Benefits-in-kind	65	33
Total	<u>4,482</u>	<u>1,164</u>

The number of directors whose remuneration falls into the following bands of RM50,000 is shown below:-

	<u>Executive Directors</u>	<u>Non-Executive Directors</u>
Less than RM50,000	-	1
RM50,000 – RM100,000	-	2
RM950,000 – RM1,000,000	1	1
RM1,250,000 – RM1,300,000	1	-
RM2,200,000 – RM2,250,000	1	-
Total	<u>3</u>	<u>4</u>

**RELATIONS WITH SHAREHOLDERS**

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the shareholders of PPB Group Berhad. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. An annual press conference is also held after the financial year results are released to the Kuala Lumpur Stock Exchange. Summaries of the financial results are advertised in daily newspapers and copies of the full announcement are supplied to shareholders and to members of the public upon request.

The Company has established a website at [www.ppbgroup.com](http://www.ppbgroup.com) for shareholders and the public to obtain up-to-date information of the Group's activities, press releases, quarterly results and annual reports. Furthermore, the Company has a Corporate Affairs Department to provide shareholders with a channel of communication on which they can provide feedback to the Company.

Queries and concerns regarding the Group may be conveyed to the following persons :-

- Dato' Sri Liang Kim Bang, Senior Independent Non-Executive Director  
Telephone number : 03-21412077  
Facsimile number : 03-21411041
- Koh Mei Lee, Senior Manager (Corporate Affairs)  
Telephone number : 03-21412077  
Facsimile number : 03-21411041  
E-mail address : [corporateaffairs@ppb.com.my](mailto:corporateaffairs@ppb.com.my)

**Annual General Meeting**

The Annual General Meeting ("AGM") of the Company provides a principal forum for dialogue and interaction with shareholders. Notice of the AGM and annual reports are sent to shareholders at least 21 days before the date of meeting. At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate evaluation of the issue involved.

**ACCOUNTABILITY AND AUDIT****Financial Reporting**

In presenting the annual financial statements, quarterly and half yearly announcement of results to shareholders, the Directors take responsibility to present a balanced and fair assessment of the Group's position and prospects. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on **page 3.8** of this Annual Report.

**Internal Control**

The Board acknowledges its responsibility for establishing an efficient and effective system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets. Such system can, however, only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

## Additional Compliance Information

The key elements of this system are summarized as follows:-

### Risk Management

The Board recognizes that an important element for a sound system of internal control is to have in place a risk management system to identify principal risks and implement appropriate controls to manage such risks. To achieve this, Messrs KPMG was appointed to assist in the implementation of an Enterprise Risk Management ("ERM") framework at three subsidiaries of the Group and management is now implementing the ERM framework in stages to the rest of the Group to comply with the Code by the financial year ending 31 December 2002. In addition, a Risk Advisory Committee ("RAC") was established in November 2001 to oversee the implementation of the risk management system in the Group.

The RAC is headed by the Executive Chairman and includes the Company Secretary, Corporate Affairs Senior Manager, Finance Controller and Internal Audit Manager. This Committee reports to the Audit Committee.

### Control Environment and Activities

The Board is committed to the integrity of staff at all levels, through its comprehensive recruitment, appraisal and reward programmes. There is an effective Group's organizational structure within which business activities are planned, controlled and monitored.

The Board has in place a system to ensure that there are adequate financial and operational policies and procedures and rules relating to the delegation of authorities.

### Information and Communication

There is a comprehensive system of financial reporting to the Board, based on quarterly results and annual budgets.

### Monitoring Process

The effectiveness of internal controls is monitored by the Audit Committee, which receives regular reports from internal and external auditors. Formal procedures are in place for correction of weaknesses identified in these reports. The Internal Audit Department is independent of management and reports functionally to the Audit Committee.

### **Relationship with the Auditors**

The role of the Audit Committee in relation to the external auditors is described on **pages 1.16 to 1.17** of this Annual Report. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

### **Audit Committee**

The Audit Committee was established by the Board on 19 June 1990 and comprises non-Executive directors namely Dato' Sri Liang Kim Bang (Chairman), Ang Guan Seng and Tan Yew Jin.

The terms of reference of the Audit Committee have recently been revised to conform to the listing requirements of the Kuala Lumpur Stock Exchange and the activities of the Committee for the financial year ended 31 December 2001 and are set out in the Audit Committee Report on **pages 1.16 to 1.17** of this Annual Report.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 February 2002.

**Ong Ie Cheong**  
Executive Chairman

**Dato' Sri Liang Kim Bang**  
Independent Non-Executive Director

In compliance with the Kuala Lumpur Stock Exchange Listing Requirements, the following information is provided :-

### 1. **Non-Audit Fees**

The amount of non-audit fees paid to the Group's external auditors for the financial year ended 31 December 2001 is as follows :-

<b>Name of Auditor</b>	<b>Fees (RM)</b>
Moore Rowland	139,892
KPMG	130,200
PricewaterhouseCoopers	11,750
Ernst & Young	8,015
Total	<u>289,857</u>

### 2. **Material Contracts**

There were no material contracts entered into by PPB Group Berhad ("PPB") and its subsidiaries with directors and major shareholders of the Company during the financial year ended 31 December 2001.

### 3. **Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT)**

The RRPTs entered into by the PPB Group during the financial year ended 31 December 2001 pursuant to the Shareholders' Mandate granted at the Extraordinary General Meeting of the Company held on 5 October 2001 were as follows :-

### **RELATED PARTIES**

- Kuok Brothers Sdn Bhd ("KB"), a major shareholder of PPB with direct interest of 40.14% and indirect interest of 0.71%, 0.23%, 0.10% and 0.01% held through Malaysian Food Agencies Sdn Bhd, Gaintiques Sdn Bhd, Min Tien & Co. Sdn Bhd and Hoe Sen (Mersing) Sdn Bhd respectively;
- Kerry Group Limited ("KGL"), a major shareholder with indirect interest of 7.50% in PPB held through Kerry Holdings Limited ("KHL");
- KHL, a major shareholder with indirect interest of 4.09%, 3.08% and 0.33% in PPB held through Dalex Investment Limited, Natalon Company Limited and Chipchase Limited respectively;
- Mr Kuok Khoon Ean ("Mr KKE"), a past Director of PPB, and his family are deemed to have more than 15% interest in PPB; and
- Datuk Oh Siew Nam ("Datuk OSN"), a Director of PPB, has direct and indirect interest of 0.01% and 0.06% respectively in PPB held through Loish Holdings Sdn Bhd.

## NATURE OF TRANSACTIONS

<b>Nature of Transactions Undertaken by PPB and/or its Subsidiaries</b>	<b>Transacting Party</b>	<b>Year 2001 Actual RM'000</b>	<b>Interested Related Party</b>
<b>Purchase of raw sugar</b>			
Malayan Sugar Manufacturing Co. Berhad ("MSM")	Kerry Foodstuffs Co. Ltd ("KFCL")	283,154	KGL, KHL, Mr KKE & family
<b>Sale of refined sugar</b>			
MSM	Hoe Sen (Mersing) S/B	9,358	KB, Mr KKE & family
MSM	Min Tien & Co. S/B	17,743	KB, Mr KKE & family
MSM	KFCL	9,568	KGL, KHL, Mr KKE & family
MSM	New Quest Trading Ltd	22,230	Mr KKE & family
<b>Purchase of polypropylene bags</b>			
MSM	Tego S/B	3,491	KB, Mr KKE & family & Datuk OSN
<b>Purchase of fertilizer</b>			
PPB's Cane Division	Pengedar Bahan Pertanian S/B	1,655	Mr KKE & family
<b>Purchase of insurance</b>			
PPB Group	Jerneh Insurance Bhd ("JIB")	2,157 #	KB, Mr KKE & family
<b>Rental of premises</b>			
Golden Screen Cinemas S/B and Leisure Bowl (JB) S/B	Pelangi Bhd	1,466	KB, Mr KKE & family
PPB Group	JIB	310 #	KB, Mr KKE & family
<b>Provision of share registration services</b>			
PPB Corporate Services S/B ("PCS")	FFM Berhad ("FFM")	19	KB, Mr KKE & family
PCS	Jerneh Asia Bhd	16	KB, Mr KKE & family
PCS	Pelangi Bhd	26	KB, Mr KKE & family
<b>Provision of engineering services and quarry operations</b>			
Minsec Engineering & Services S/B	PPB Oil Palms Bhd ("PPBOP") Group	4,955	KB, Mr KKE & family
<b>Purchase of edible oils</b>			
Chemquest Trading (M) S/B	PGEO Group S/B	696	KB, Mr KKE & family

# These amounts exclude transactions by PPB's listed subsidiaries, FFM and PPBOP for which approvals are obtained from their respective shareholders.

## Audit | Committee Report

### Composition

The members of the Audit Committee ("AC") during the financial year ended 31 December 2001 comprised the following directors :-

<u>Director</u>	<u>Membership</u>	<u>Directorship</u>
Dato' Abdul Jabid bin Mohd Don	Chairman	Independent non-Executive
Dato' Sri Liang Kim Bang	Member	Independent non-Executive
Ang Guan Seng	Member	Independent non-Executive
Tan Yew Jin ( <i>Appointed : 17 May 2001</i> )	Member	Non-independent non-Executive

*Note : On 1 January 2002, , Dato' Sri Liang Kim Bang was appointed the Chairman of the AC in place of Dato' Abdul Jabid, who resigned as Chairman and a member of the AC.*

### Terms of Reference

The revised terms of reference of the AC as approved by PPB Board on 11 May 2001 is set out below :-

#### Authority

The Audit Committee shall :-

- (1) have authority to investigate any matters within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information pertaining to the Company;
- (4) have direct communication channels with the external and internal auditors';
- (5) be able to obtain independent professional or other advice; and
- (6) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

#### Duties

The duties of the Audit Committee are to :-

- (1) review the following and report the same to the board of directors of the Company :-
  - a. with the external auditor, the audit plan;
  - b. with the external auditor, his evaluation of the system of internal controls;
  - c. with the external auditor, his audit report;
  - d. the assistance given by the employees of the Company to the external auditor;
  - e. the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g. the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on :-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - h. any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - i. any letter of resignation from the external auditor of the Company; and
  - j. whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

- (2) recommend the nomination of a person(s) as external auditor;
- (3) consider the external auditor's fee and any questions of dismissal;
- (4) discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (5) review the external auditors' management letter and management's response;
- (6) review any appraisal or assessment of the performance of members of the internal audit function;
- (7) approve any appointment or termination of senior staff member of the internal audit function;
- (8) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
- (9) consider other topics as defined by the Board.

### Meetings of Audit Committee

The number of meetings of the AC held during the financial year ended 31 December 2001 and details of attendance of each committee member are as follows :-

<u>Director</u>	<u>Audit Committee Meetings</u>	
	<u>No. Held</u>	<u>No. Attended</u>
Dato' Abdul Jabid bin Mohd Don	4	4
Dato' Sri Liang Kim Bang	4	4
Ang Guan Seng	4	3
Tan Yew Jin	2#	2

# *Since the date of his appointment on 17 May 2001.*

### Activities of the Audit Committee

During the financial year ended 31 December 2001, the AC performed the duties specified in its terms of reference. In performing its duties, the AC inter-alia :-

1. reviewed with Moores Rowland the audit plan, the audit report, their evaluation of the system of internal controls and the assistance given by PPB's officers to them;
2. reviewed with the internal auditors their audit reports, approve their remit, audit plans, scope of audit and assessed the adequacy of their resources.
3. reviewed PPB's quarterly results and financial statements prior to submission to the Board of Directors.
4. considered the increase in Moores Rowland's audit fee and recommended the nomination of Moores Rowland for re-appointment as external auditor.

### Activities of the Internal Audit Department

PPB Internal Audit Department ("PPBIAD") which was established by the Board on 12 September 1990 reports functionally to the AC and is independent of the activities they audit. During the financial year ended 31 December 2001, PPBIAD reviewed the adequacy and effectiveness of the accounting and operational internal control systems of PPB and its core subsidiaries. The audits focused on controls to safeguard assets, secure the accuracy and reliability of records, compliance with policies, procedures, laws and regulations and promote efficiency of operations.

Dato' Sri Liang Kim Bang  
Chairman  
(Independent non-Executive Director)

## 2001 | Corporate Diary of PPB Group Berhad

### FEB

Release of 4th Quarter Report for the year ended 31 December 2001.

### APR

Issue of 2000 Annual Report.

### JUN

Announcement of proposed 1 for 3 Bonus Issue of shares.

### AUG

Release of 2nd Quarter Report and Fact Sheet for the six months ended 30 June 2001

### OCT

An EGM was held to approve the proposed 1 for 3 Bonus Issue, proposed amendments to the Company's Articles of Association and proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

19

28

1

24

11

27

18

8

17

3

8

### JAN

An Extraordinary General Meeting ("EGM") was held to approve the proposed disposal of 70% equity interest in PT Tidar Sungkai Sawit to PPB Oil Palms Berhad.

### MAR

A press briefing was held to review the financial results for the year ended 31 December 2000.

### MAY

32nd Annual General Meeting was held.

Release of 1st Quarter Report for the three months ended 31 March 2001.

### JUL

Announcement of the proposed disposal of 20% equity interest in Tanjong Aru Hotel Sdn Bhd.

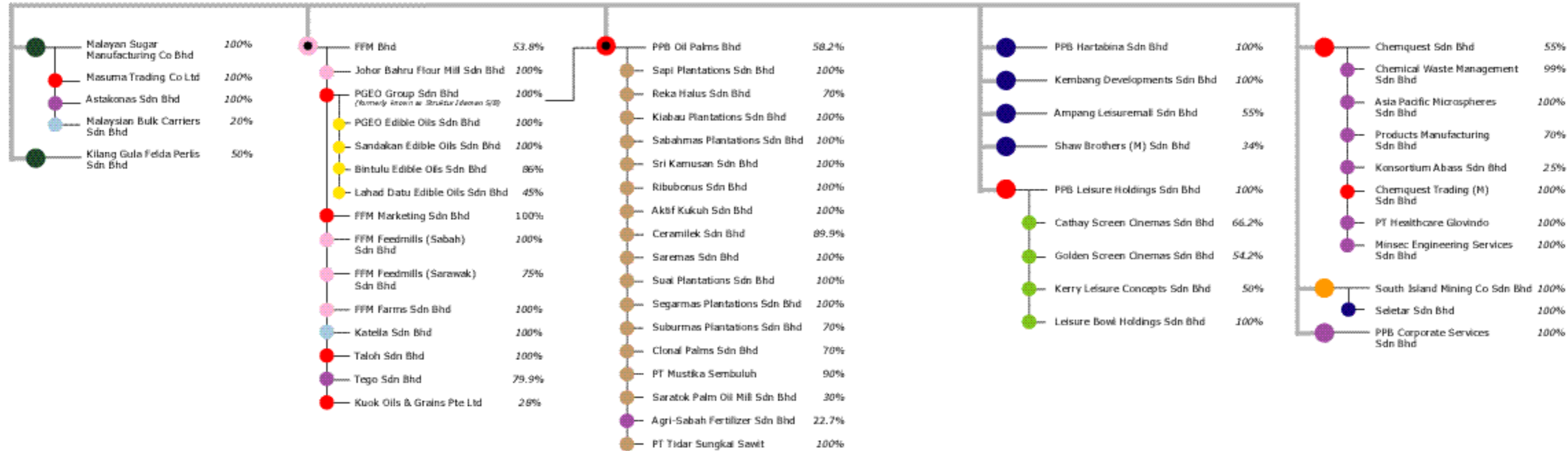
### SEP

Announcement of the proposed disposal of 25% equity interest in Pantai Dalit Beach Resort Sdn Bhd.

### NOV

Release of 3rd Quarter Report for the nine months ended 30 September 2001.

Corporate Structure | as at 8 March 2002



**Legend**

- Listed on the Kuala Lumpur Stock Exchange
- Sugar
- Flour, animal feed or poultry breeding
- Edible oils processing
- Oil palm and other crops
- Property
- Entertainment and leisure
- Trading and/or investment holding
- Shipping
- Manufacturing and services
- Mining and rubber

Notes: This chart features the main operating companies and does not include dormant and inactive companies. Percentages shown indicate the Group's equity interest held.

Review of Business Activities 2.2  
    Foods 2.4  
    Plantations 2.8  
    Manufacturing & Services 2.12  
Shipping & Commodity Trading 2.16  
Entertainment & Property 2.20



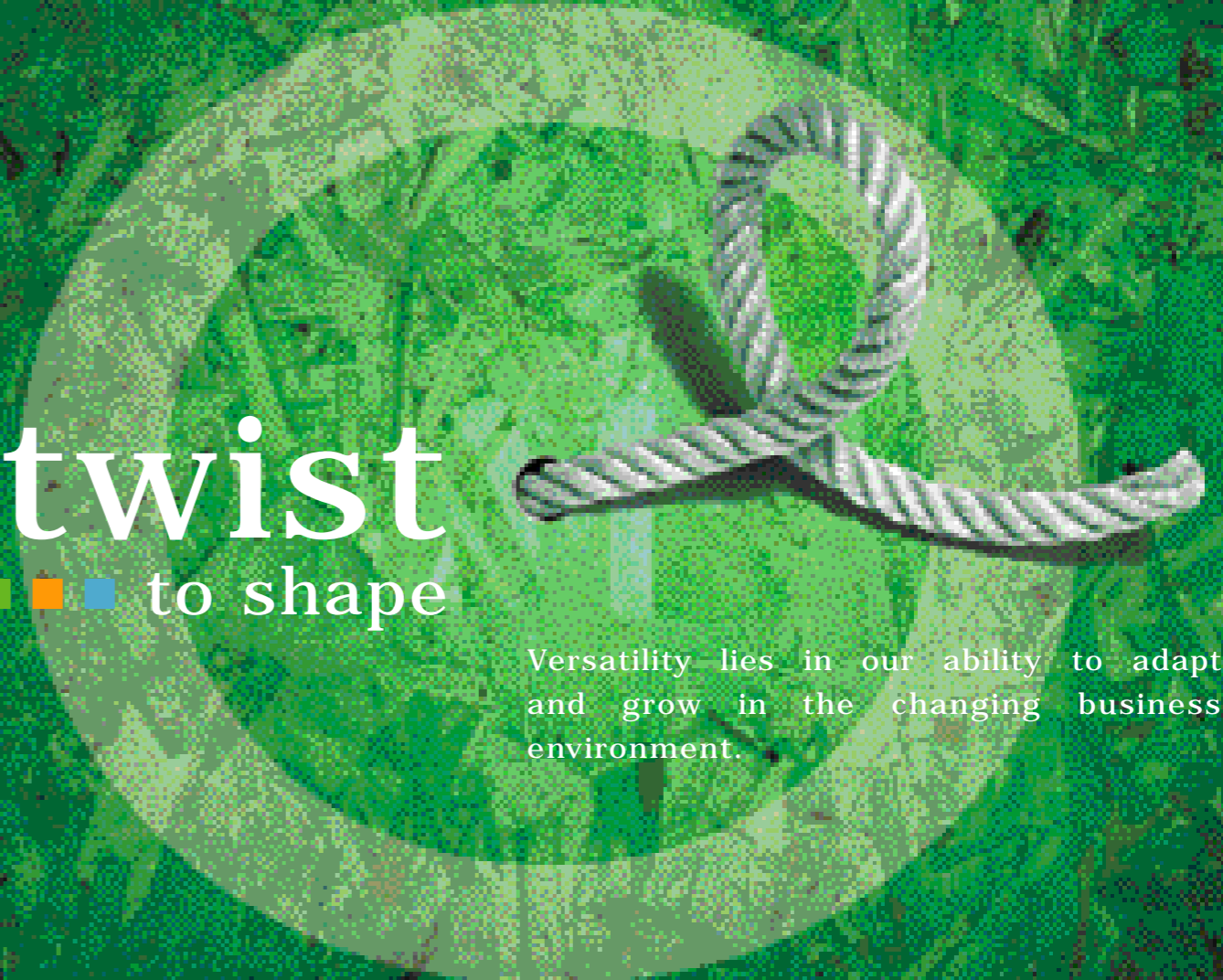
# 2

## The Business

twist  
to shape



Versatility lies in our ability to adapt and grow in the changing business environment.





**2.4 - 2.7**  
Foods



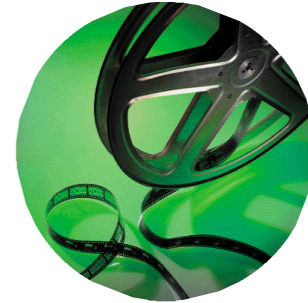
**2.8 - 2.11**  
Plantations



**2.12 - 2.15**  
Manufacturing & Services



**2.16 - 2.19**  
Shipping & Commodity Trading



**2.20 - 2.23**  
Entertainment & Property

# Review of | Business Activities

## Foods



### Review of Operations

The Foods division, the major contributor to Group profits achieved an increase in revenue of 6.8% to RM5.4 billion (2000 : RM5.1 billion) due to higher sales from edible oils refining operations. This division however posted lower profit before tax of RM189.0 million (2000 : RM210.8 million) due mainly to lower profit margins from flour and animal feed operations which were affected by weak demand and stiff competition. The Foods division contributes 60.8% and 58.8% of the Group's revenue and profit before tax respectively.



# foods

Providing sustenance to life, food remains our core business.

PPB's 4,350-hectare sugar cane plantation at in the 2000/2001 season, a marginal decrease to unfavourable weather conditions. The cane refinery owned by our 50% associated ("KGFP"). Malayan Sugar Manufacturing Co. PPB, operates the region's largest sugar refinery domestic and export markets. MSM and KGFP together supply about 60% of domestic sugar requirements.



Chuping, Perlis harvested 304,475 mt of cane from the previous season of 308,938 mt due is processed at an integrated sugar mill and company, Kilang Gula Felda Perlis Sdn Bhd Berhad ("MSM"), a wholly-owned subsidiary of at Prai, which refines imported raw sugar for the



## Looking Ahead

FFM Berhad's ("FFM") wheat flour mills at Port Klang and Pasir Gudang, Johor supply more than 40% of the country's wheat flour requirements. FFM Group commissioned 2 new flour mills during the year, the first, a 500-mt per day wheat flour mill at its manufacturing complex at Pulau Indah, Port Klang in June 2001 and the second, a 400-mt per day wheat flour mill located in My Xuan, Vung Tau, Vietnam in September 2001. FFM is one of the biggest feed miller in Malaysia, operating five feedmills in Peninsular and East Malaysia with a total capacity of 125 mt per hour and a soya bean crushing plant which supplies to the local feedmill industry. FFM has integrated downwards into broiler breeder and layer farms and currently has two broiler breeder farms in Negeri Sembilan and Kedah and a layer farm in Perak with a total production capacity of 2.5 million day-old chicks and 10.0 million eggs per month respectively. During the year, the brand "Seri Murni" premium eggs which are free of antibiotics was launched.

The PGEO Group has one of the largest palm oil refining capacity of 10,500 mt per day in the country with six refineries in Peninsular and East Malaysia. It also produces cooking oils under various brands such as "Neptune" and "Seri Murni" for FFM Marketing Sdn Bhd, a wholly-owned subsidiary of FFM. PGEO Group refined 2.9 million mt of edible oils, an increase of 22.1% over the previous year.

Main Products	Company	PPB Group Interest	Production ('000 mt)	
			2001	2000
Refined sugar	Malayan Sugar Manufacturing Co Bhd	100%	529.7	538.0
	Kilang Gula Felda Perlis Sdn Bhd	50%	129.4	127.9
Flour Animal feed Soyabean meal	FFM Berhad Group	53.8%	320.0	323.1
			323.2	341.3
			91.5	82.9
Refined edible oils	PGEO Group Sdn Bhd	100%	2,881.0	2,359.1
	Lahad Datu Edible Oils Sdn Bhd	45%	580.4	600.5

FFM has put in place plans to relocate its existing manufacturing complex in South Port, Port Klang to Pulau Indah, Port Klang. This relocation involves the construction of a new 500-mt per day wheat flour mill and an animal feed mill at Pulau Indah and is scheduled to be completed by mid-2004 at a cost of RM62.0 million. A new wheat flour mill of 220 mt per day capacity and grain storage of 13,500 mt at Demak Laut Industrial Estate, Kuching is scheduled to be completed by December 2002 at a total cost of RM41.0 million.

Phase II of its Layer Farm Project at Trong, Perak which will be operational by end-2002 will increase the Group's production capacity to 20.0 million eggs per month.

PGEO Group is venturing into the production of fat replacers for cocoa butter for the chocolate industry and is constructing a new 50-mt cocoa butter replacer plant at Pasir Gudang, Johor which is scheduled for completion by mid-2002 at a total cost of RM9.1 million.

The Foods division will continue to play an important role in the Group's profitability profile and is expected to maintain its profit level for year 2002.

## Plantations



### Review of Operations

Plantations is one of the core businesses of the Group and held through PPB Oil Palms Berhad (“PPBOP”). In East Malaysia, PPBOP owns and operates ten plantations with a total area of 76,995 hectares and six crude palm oil (“CPO”) mills. During the year, it acquired 100% equity interest in P.T. Tidar Sungkai Sawit (“TSS”) from PPB Group Berhad (70%) and Indonesian shareholders (30%). TSS owns a 10,216-hectare oil palm project in West Sumatra, Indonesia. The acquisition increased PPBOP’s land bank in Indonesia from 15,511 hectares to 25,727 hectares and raised the total land bank of PPBOP to 102,722 ha.

# plantations

Growth in more ways than one is evident in our plantation sector.



2001 was a good year for operations. In East rose 19% from 803,900 tonnes to 957,300 average yield per hectare by 17%, from 17.8 plantings produced 48,400 tonnes of FFB or



Malaysia, fresh fruit bunches ("FFB") production tonnes and the better harvest pushed up the tonnes to 20.9 tonnes. In Indonesia, TSS's young 10.7 tonnes per hectare.

One new mill with a rated throughput of 30 tonnes FFB per hour was commissioned on TSS during the year, increasing the number of mills to seven. The mills processed 1,179,785 tonnes of FFB, inclusive of third party crops, an increase of 45% over 2000. Mill performance improved further during the year with the oil extraction rate ("oer") moving upwards from 21.0% to 21.5% whilst the kernel extraction rate was maintained at 4.7%. CPO output from the mills rose sharply by 48% to 253,518 tonnes as a result of the better oer and throughput.

The improvement in plantation and mill operational performances enabled PPBOP to remain competitive and profitable despite a sharp decline in realized price of CPO from RM918 to RM835 per tonne.



## Looking Ahead

Barring any unforeseen adverse weather conditions, CPO output is expected to improve further during the current year with contribution from both the plantations and mills through higher FFB yield per hectare and oil extraction rates.

PPBOP will continue to develop its remaining land in East Malaysia with oil palm. In Indonesia, it will continue to maintain a cautious development program taking into consideration the prevailing socio-political situation in the Republic.

The Group will continue to seek opportunities both domestically and overseas to acquire additional land for future expansion.

Company	Location	Year 1st Planted	Group Interest (%)	Total Area (ha)	Planted Area (ha)		Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM million)	
					2001	2000	2001	2000	2001	2000	2001	2000		
<b>OIL PALM PLANTATIONS</b>														
<b>East Malaysia</b>														
1. Sapi Plantations	Sabah	1981	100	14,514	13,361	13,429	13,134	13,310	350,149	280,650	26.7	21.1	24.8	21.5
2. Reka Halus	Sabah	1990	70	5,352	4,651	4,651	4,647	4,647	135,341	121,458	29.1	26.1	11.5	12.4
3. Kiabau Plantations	Sabah	1992	100	1,655	1,108	1,108	1,108	1,108	23,751	22,539	21.41	20.3	0.5	0.7
4. Sabahmas Plantations	Sabah	1994	100	10,991	9,970	10,028	7,499	5,953	104,702	64,665	13.9	10.9	(5.0)	(8.6)
5. Hibumas	Sabah	1998	89.8	7,540	3,577	3,802	-	-	-	-	-	-	-	-
Sri Kamusan	Sabah	1999	100	2,832	988	530	-	-	-	-	-	-	-	-
Koperasi Land	Sabah	-	100	1,208	-	-	-	-	-	-	-	-	-	-
Aktif Kukuh	Sabah	-	100	250	-	-	-	-	-	-	-	-	-	-
Jebawang	Sabah	-	100	403	-	-	-	-	-	-	-	-	-	-
6. Ribubonus	Sabah	2000	100	3,262	1,848	1,800	-	-	-	-	-	-	(0.1)	-
7. Saremas	Sarawak	1987	100	12,179	8,265	8,771	7,376	7,737	159,299	157,986	21.6	20.4	9.3	7.7
8. Suai Plantations	Sarawak	1978	100	5,674	4,848	4,714	4,183	4,081	76,992	77,103	18.4	18.9	(1.4)	1.8
9. Segarmas Plantations	Sarawak	1994	100	8,715	6,473	6,889	6,043	6,161	77,336	55,693	12.8	9.0	(4.1)	(4.5)
10. Suburmas Plantations	Sarawak	1995	70	2,420	2,199	2,243	1,909	2,243	30,348	23,832	15.9	10.6	(2.0)	(4.2)
				76,995	57,288	57,965	45,899	45,240	957,288	803,926	20.9	17.8	33.7	26.8
<b>Indonesia</b>														
1. PT Mustika Sembuluh	Kalimantan	2000	90	15,511	1,141	289	-	-	-	-	-	-	-	-
2. PT Tidar Sungkai	Sumatra	1994	100	10,216	7,500	7,500	4,520	2,309	48,402	24,788	10.7	10.7	(6.4)	(9.6)
Sawit				25,727	8,641	7,789	4,520	2,309	48,402	24,788	10.7	10.7	(6.4)	(9.6)

## Manufacturing and Services



### Review of Operations

The Manufacturing and Services division reported a lower profit of RM12.6 million (2000 : RM20.0 million) against a turnover of RM313.0 million for year 2001 (2000 : RM342.0 million) due to higher losses from gloves and polybags manufacturing activities.

# manufacturing & services

Manufacturing follows a time-honoured tradition of hard work and ingenuity.

The Group's manufacturing and services Group, a 55% subsidiary of PPB, engaged in chemical manufacturing and trading and Management Sdn Bhd ("CWM"), a 99% water treatment and solid waste management, million) against a turnover of RM123.0 million for completed 90% of the RASA Distribution and Supply Supply Scheme. CWM was also awarded a contract for the engineering works, operations and maintenance of the Sewerage Treatment Plant at Bayan Baru, Penang and engineering works for a Water Treatment Plant in Melaka which is expected to be completed by March 2003. Konsortium ABASS Sdn Bhd ("ABASS"), in which CWM has 25% equity interest, operates and maintains the entire existing facilities of the Sungei Semenyih Water Supply Scheme and is currently in the second year of its 30-year concession.



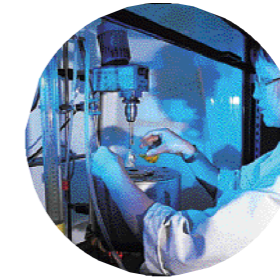
operations are held mainly through Chemquest environmental engineering, waste management, contract manufacturing. Chemical Waste subsidiary of Chemquest, primarily engaged in registered a profit of RM17.0 million (2000 : RM8.1 year 2001. During the financial year, CWM System under the Sungei Selangor Phase 3 Water

Chemquest's wholly-owned subsidiary, Asia Pacific Microspheres Sdn Bhd ("APM"), manufactures functional fillers for use in composites for the automotive, aerospace and marine industries. APM's products are exported to the United States and Europe. For year 2001, APM reported a lower profit before tax of RM2.0 million (2000 : RM3.1 million) due to the weak demand for its phenolic microspheres which was further dampened by the September 11 incident. Chemquest's 51.8% subsidiary, Malayan Adhesives & Chemicals Sdn Bhd ("MAC") manufactures formalin and adhesive resins for the local wood-based industries. MAC's profits for the year decreased by 14.7% to RM2.4 million (2000 : RM2.8 million) due mainly to the recovery of bad debts amounting to RM0.9 million in year 2000. Discounting the bad debts recovered, MAC's profits would have been 24.7% higher than that achieved in the previous year.

PT Healthcare Glovindo ("Glovindo"), a 100% subsidiary of Chemquest, operates a latex examination glove factory in Medan, Sumatra which has seventeen dipping lines with an annual capacity of 900 million pieces. In year 2001, Glovindo suffered a higher loss of RM7.6 million (2000 : loss of RM3.7 million) due to lower sales and a fire at its factory in February 2001.

Minsec Engineering Services Sdn Bhd ("MES"), also a 100% subsidiary of Chemquest, undertakes the construction of CPO and sugar mills, fabrication of glove dipping lines and other engineering projects for the Group and outside parties. For year 2001, MES's profit was maintained at RM1.6 million (2000 : RM2.0 million).

Tego Sendirian Berhad ("Tego"), a 79.9% subsidiary of FFM Berhad, manufactures polybags for sugar, flour and industrial chemical products and also container bags for bulk cargoes. During the year, Tego invested in a circular inside lamination line to cater to current packaging requirements of the sugar industry. Tego has also invested in vacuum thermoforming machines to manufacture plastic egg trays for packing of premium and speciality eggs. Tego incurred a loss of RM1.3 million for year 2001 (2000 : a profit of RM3.3 million) due to lower demand and stiff competition.



## Looking Ahead

Chemquest Group is poised to expand its water engineering and waste management operations in which it has extensive experience to China and the Asean countries.

The glove and polybag operations are likely to face another challenging year due to the weak demand for its products.

## Shipping and Commodity Trading



### Review of Operations

For year 2001, revenue from Shipping operations declined slightly to RM64.1 million (2000 : RM 67.3 million) due to unfavourable freight rates for bulkers. Profit contribution was RM20.0 million for the year under review compared with RM32.0 million recorded in the previous year which included gains from the disposal of two product tankers of RM8.8 million.

shipping  
& commodity trading  
As the world strives to become connected, the opportunities are endless.

The Group's shipping interests which are held through Malaysian Bulk Carriers Sdn Bhd ("MBC"), a 20% associated company of MSM, has a fleet size of 24 vessels with a total tonnage of 852,950 dwt. MBC's vessels were fully utilised throughout the year on time charters to third parties and for carriage of raw sugar and other commodities for the Group. The frequent fleet renewal exercise by MBC and its diversification into the tanker sector has enabled MBC to register strong profits despite the weak dry bulk cargo market.



Reefon Sdn Bhd and Katella Sdn Bhd, wholly-owned subsidiaries of FFM, own and operate dry bulk carriers of 27,420 DWT and 47,000 DWT respectively which mainly transports raw materials for FFM Group's food processing activities. In January 2002, Reefon has subsequently disposed of its vessel as it is surplus to requirements.

The Group's associated companies engaged in commodities trading recorded significantly higher profits of RM40.2 million for the year (2000 : RM16.1 million) due to favourable trading conditions.

Name of Vessel	Year Built	DWT
<b>MBC'S FLEET AS AT 31ST DECEMBER 2001</b>		
<b>BULKERS</b>		
MV Alam Tabah	1977	15,097
MV Alam Teladan	1979	17,168
MV Alam Teguh	1980	17,169
MV Alam Talang	1987	17,324
MV Alam Tenggara	1987	17,324
MV Alam Gula	1985	23,418
MV Alam Sempurna	1984	28,097
MV Alam Senang	1984	28,098
MV Alam Sejahtera	1985	29,692
MV Alam Selamat	1992	39,110
MV Alam Selaras	1992	39,110
MV Alam Sentosa	1992	39,110
MV Alam Sayang	1985	42,489
MV Alam Mesra	2000	46,011
MV Alam Makmur	2000	46,446
MV Ikan Suji	2001	50,296
MV Ikan Serong	2001	50,296
MV Alam Baru	1986	65,117
<b>Sub-total Bulkers :</b>	<b>18</b>	<b>611,372</b>
<b>TANKERS</b>		
MT Alam Karang	1985	7,544
MT Alam Bitara	1998	45,573
MT Alam Berkat	1998	47,236
MT Alam Belia	1998	47,225
MT Alam Budi	2000	47,000
MT Alam Bistari	2000	47,000
<b>Sub-total Tankers :</b>	<b>6</b>	<b>241,578</b>
		<b>852,950</b>

## Looking Ahead

The slowdown in global economies will impact negatively on both the dry bulk and tanker markets. Against such a slowdown, newbuilding orders have reduced sharply whilst scrapping activities have increased. The current downturn may however offer investment opportunities to our shipping operations which are closely monitored by the Group.

## Entertainment and Property



### Review of Operations

The cinema and leisure operations of the Group are held under PPB Leisure Holdings Sdn Bhd ("PPBL"), a wholly-owned subsidiary of PPB. PPBL Group managed to reduce its losses to RM5.8 million for year 2001 (2000 : loss of RM9.7 million) on a turnover of RM60.3 million (2000 : RM59.0 million) due to a diligent cost cutting programme and closure of non-profitable screens.

The 18-screen cineplex at Golden Screen Cinemas ("GSC"), Mid Valley Megamall, Kuala Lumpur has proven to be very successful since its opening and has become one of the more popular location for cinema-goers in the Klang Valley.

# entertainment & property

Apart from work, leisure plays an important role to strike a balance in life and we provide avenues for both.

The standardization of the entertainment tax enabled the cinema operations to reduce its ticket prices and encourage more patrons to the cinemas.



rate at 25% effective 1 October 2001 has ticket prices and encourage more patrons to the cinemas.

The family amusement centres operated under associated company of PPB, registered a profit of assets and higher patronage at some of the centres. Bowling business continues to be affected by stiff competition.

Kerry Leisure Concepts Sdn Bhd, a 50% RM401,678 due to a gain from disposal of fixed

assets and higher patronage at some of the centres. Bowling business continues to be affected by stiff competition.

The Property division registered a slight improvement in its profit to RM6.8 million for year 2001 (2000 : RM6.1 million) against a higher revenue of RM42.7 million (2000 : RM19.4 million). The increase in revenue is attributed to the successful launch of the 1st Phase of mixed residential development at Taman Segar, Cheras during the year by the Group's property arm, PPB Hartabina Sdn Bhd ("PPBH"). PPBH achieved a profit of RM7.1 million for year 2001 (2000 : RM1.1 million). During the year, Kian Min Realty Sdn Bhd, a 50% associated company of the Group was liquidated by way of members' voluntary liquidation resulting in a loss of RM4.1 million.



## Looking Ahead

Over the past few years, cinema operations have undertaken an aggressive consolidation and cost-reduction programme to turn the business around. Together with GSC's highly successful cineplex at Mid Valley Megamall and strong line-up of film titles, the cinema business is expected to be profitable at operating level this year.

PPBH's profit is expected to increase significantly with the launching of its 2nd Phase of 121 units of bungalows and semi-detached houses in 2002.

	Owner/Operator	PPB Group Interest (%)	Net Lettable Area (sq ft)	Average Monthly Rental (RM/sq ft)		Occupancy Rate (%)	
				2001	2000	2001	2000
<b>MAJOR INVESTMENT PROPERTIES</b>							
Cheras LeisureMall	PPB Hartabina	100	280,000	3.17	3.18	99	97
Cheras Plaza	Sdn Bhd		108,979	1.40	1.40	100	100
Shaw Centrepoint	Shaw Brothers	34	226,407	3.06	2.80	99	99
Shaw Parade	(M) Sdn Bhd		155,733	0.93	0.87	76	74
				<b>No. of locations/centres</b>			
				<b>2001</b>	<b>2000</b>		
<b>ENTERTAINMENT</b>							
Cinema operations		100	21 (Screens -82) (Seats - 23,739)	29 (Screens -92) (Seats - 32,704)			
Bowling centres	PPB Leisure Holdings Sdn Bhd		3	3			
Family amusement centres			6	6			

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# 3

## The Financials

# CROSS

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Stringent principles of corporate governance have been incorporated together with our Management's prudent investment strategies to safeguard shareholders value.

## Financial | Review

### Review of Profit & Loss

PPB Group Bhd achieved a consolidated profit before tax of RM321.6 million in 2001, a 21.3% reduction from the previous year's RM408.9 million. The profit before tax in year 2000 included a net profit from investing activities of RM111.1 million compared to RM16.0 million in year 2001. The higher profits earned in 2000 were mainly from the disposal of RA-PPB (Tops) Retail and certain quoted investments.

Revenue for the year grew by 7.4% from RM5.24 billion to RM5.63 billion in year 2001 mainly due to higher sales from the edible oils refining operations.

At the operating level, the Group performed slightly better in 2001 with Group profit before tax and investing activities of RM305.6 million compared with RM297.8 million in the preceding year. The Plantations division generated a higher contribution attributed to significantly higher FFB production and further improvements in the oil extraction rate. The Property division contributed higher profits to the Group after launching Phase 1 of its Bukit Segar project whilst the Entertainment division managed to reduce its losses. The Group also benefited from higher contributions from its water treatment operations and associated companies engaged in commodities trading.

Profit attributable to shareholders of PPB Group decreased to RM170.3 million from RM244.5 million mainly due to lower exceptional gains in year 2001. Earnings per share decreased to 34.7 sen from 49.8 sen, representing a decrease of 30.3% from the previous year.

### Cash Flows

Net cash generated from operating activities decreased to RM314.7 million in 2001 from RM521.4 million in 2000 mainly due to an increase in working capital investments. Net cash used in investing activities has increased to RM197.0 million from RM7.5 million in 2000. The cash used in investing activities in 2000 was stated net of exceptional proceeds received from disposal of associated companies and sale of investments totaling RM163.6 million. During the year, the Group invested RM275.1 million in property, plant and equipment; financed mainly from internally generated funds and partly from the draw down of RM40.7 million in term loans. The net cash used in financing activities reduced from RM388.3 million to RM100.5 million due to a lesser amount of revolving credits and bankers' acceptances being repaid in 2001.

### Dividends

The Directors recommend a final dividend of 10 sen per share (5 sen less tax and 5 sen tax exempt) amounting to RM42.2 million. Together with the interim dividend paid of 10 sen per share less tax, the total dividend payment for the financial year ended 31 December 2001 would be 20 sen comprising 15 sen less tax and 5 sen tax exempt, amounting to RM68.7 million.

The dividend amount represents a payout ratio of 49.1% of the Company earnings.

### Review of Financial Situation and Debt

As at 31 December 2001, the Group had lower borrowings of RM502.4 million compared with RM519.3 million in 2000 of which 54% amounting to RM269.9 million are bills payable comprising bankers' acceptances for financing trade operations.

The balance of 46% amounting to RM232.5 million and representing a gearing ratio of 8% over shareholders funds consists of :

- short term loans, revolving credits, overdraft and hire purchase liabilities amounting to RM199.7 million which are repayable within 12 months; and
- term loans and hire purchase liabilities of RM32.8 million which are repayable between 2 to 6 years.

The Group's operations are funded mainly by short-term loans to minimise interest cost. These borrowings are to be repaid from internally generated funds. Most of the Group's borrowings are unsecured on floating interest rates ranging from 2.3% to 8.4% for the year. The Group's exposure to foreign currency borrowings is minimal at RM73.6 million of which about 90% is USD denominated.

The Group will continue to maintain a prudent gearing ratio and efficient management of funds.

### Group Capital Expenditure in year 2001

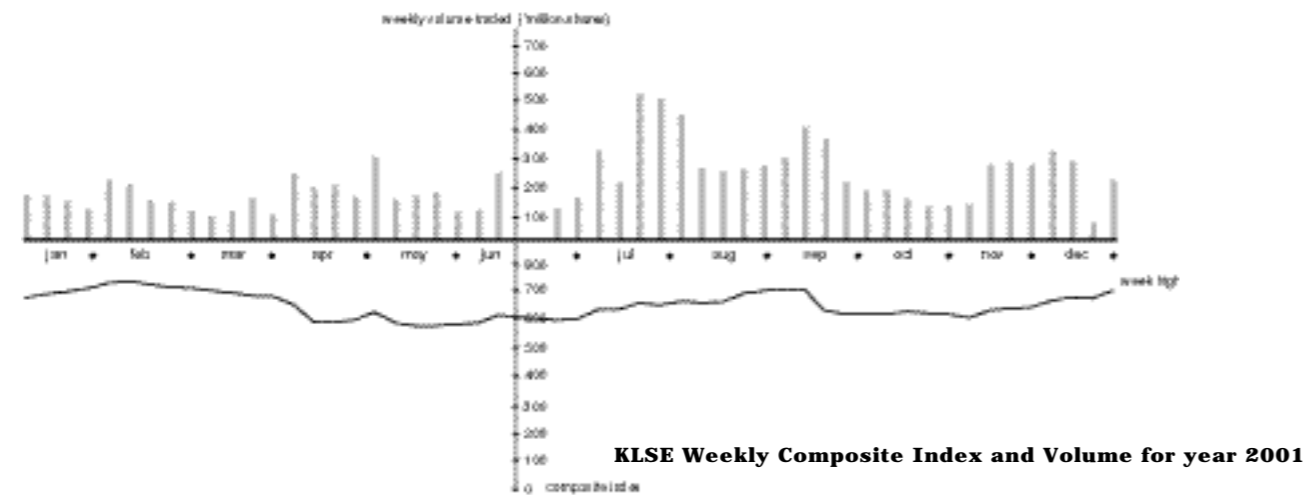
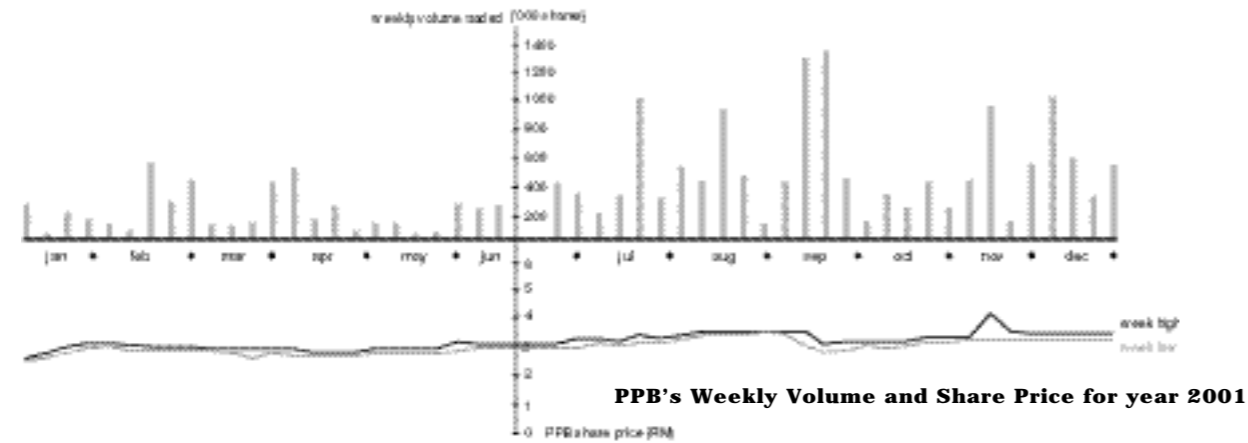
Total capital expenditure incurred during the year amounted to RM286.1 million and the major items are as follows:-

- FFM Group incurred RM62 million on building three new flour mills at Pulau Indah in Klang, Demak Laut Industrial Estate in Kuching and My Xuan in Vietnam; RM20 million on the Phase II of Layer Farm Project at Trong, Perak; and RM14 million on a new cocoa butter replacer plant in Pasir Gudang, Johor.
- FFM Group's wholly-owned subsidiary, Katella Sdn Bhd, acquired a new 47,100 DWT type bulk carrier at a cash price of USD17.8 million (RM67.5 million).
- PPBOP Group spent RM 41.1 million on newplanting and maintenance of immature palms, and RM12.8 million for the construction and completion of a new CPO mill at PT Tidar Sungkai Sawit estate in West Sumatra, Indonesia.
- MSM Group spent RM13.3 million on upgrading the plant and machinery for its sugar refinery at Prai, Province Wellesley.
- Chemquest Group spent RM8.6 million on plant, machinery and equipment to upgrade its manufacturing plants in Medan, Indonesia and Malaysia.

## Dividend | Record

TYPE OF DIVIDEND	RATE	PAYMENT DATE	FOR FINANCIAL YEAR
Final	10 sen less tax	31 May 2001	2000
Interim	10 sen less tax	19 September 2001	2001

## Share Performance | Chart



### Information on KLCI and PPB's Share Price

The Kuala Lumpur Composite Index (KLCI) closed at 696.09 points on the last trading day of year 2001, an increase of 2.42% compared to the closing of 679.64 points at the end of year 2000.

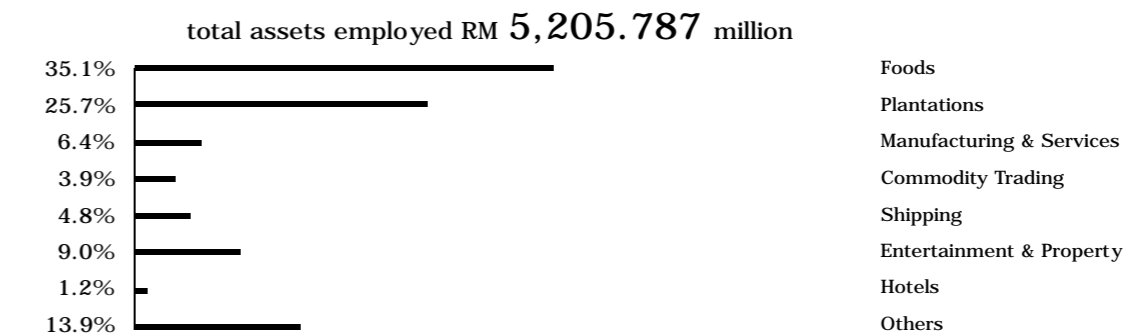
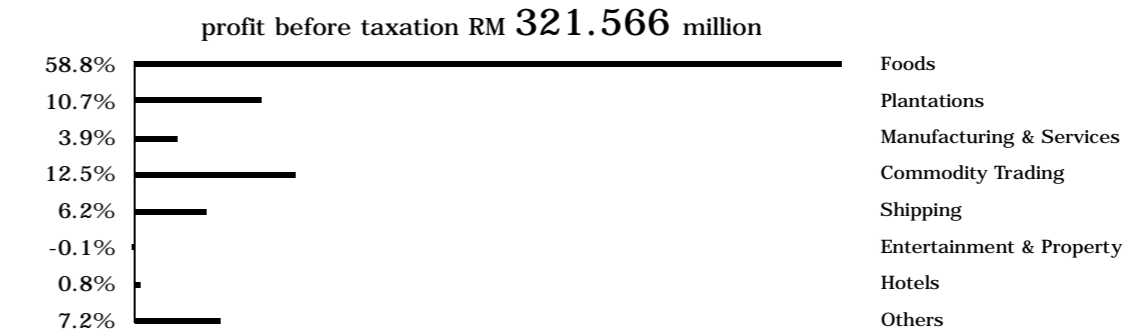
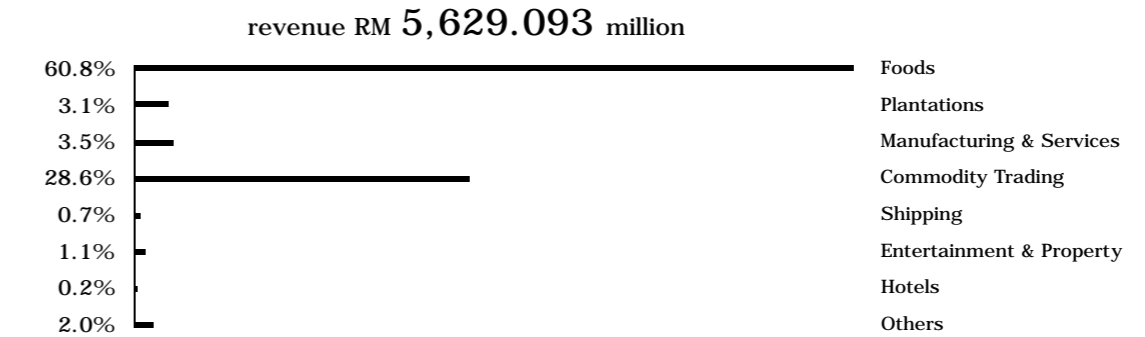
For year 2001, the KLCI's performance was affected by weak market sentiments and slow economic growth due to the spill-over effect of the Asian economic crisis. The September 11 incident further increased the uncertainties in the global economy resulting in the sell-down of equity stocks across world markets.

During the year, a Bonus Issue of 1 for 3 was declared to increase PPB's capital base to a level which would better reflect the Group's net assets and operations.

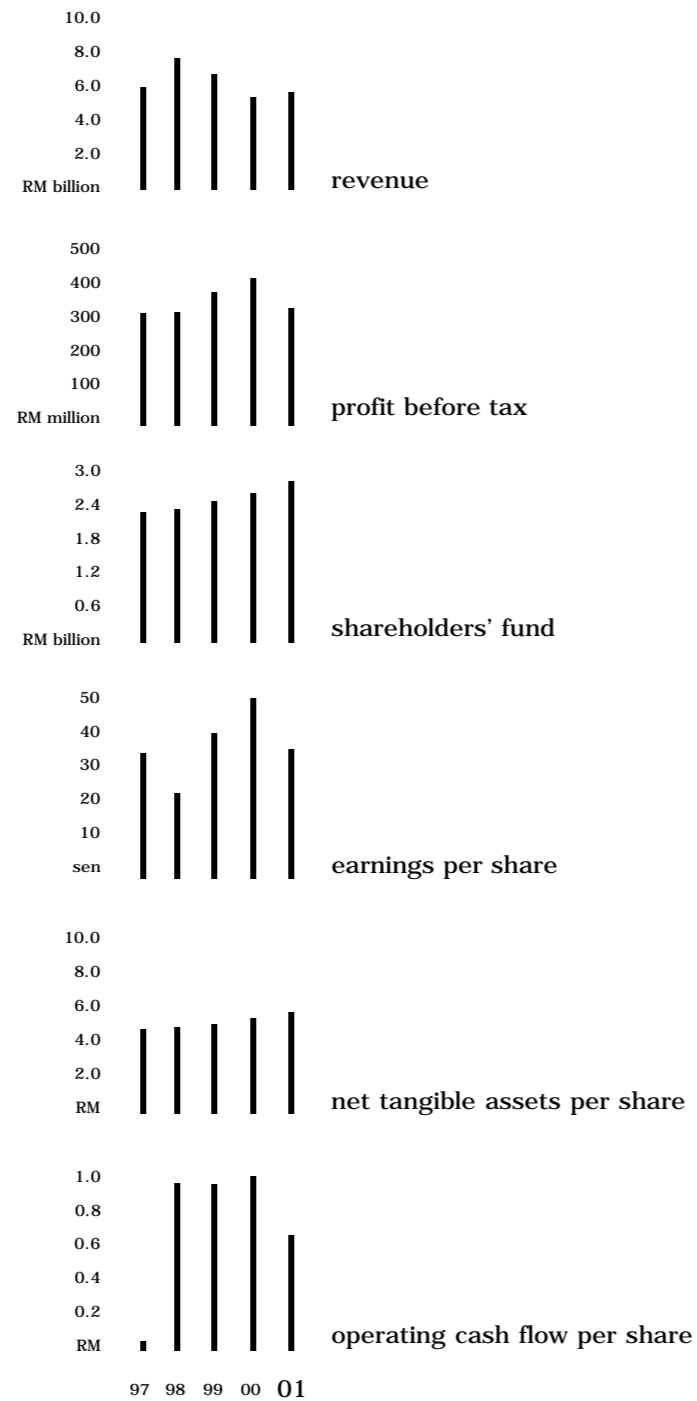
PPB's bonus issue generated interest amongst investors and its share price soared from its year low of RM2.50 in early January 2001 to its year high of RM4.20 on 15 November 2001. Both prices have been adjusted for bonus shares.

With additional shares listed, the liquidity of PPB shares is expected to improve and PPB shares will continue to generate reward to shareholders. In line with the year end active trading on the KLSE, PPB's share price closed at RM3.32 on 31 December 2001. The market capitalisation of PPB shares on the last trading day of 2001 improved by 25.8% to RM1.6 billion compared with the previous year.

## Segment | Analysis



## Financial Statistics



## Year ended 31 December

2001

2000

1999

1998

1997

## FIVE YEAR GROUP STATISTICS

Revenue	RM Million	<b>5,629.093</b>	5,240.288	6,729.250	7,599.534	5,928.873
Profit from operations	RM Million	<b>235.119</b>	266.292	438.615	297.424	285.680
Profit/(loss) from investing activities	RM Million	<b>15.962</b>	111.053	(82.600)	37.463	24.422
Share of associates' profits less losses	RM Million	<b>84.254</b>	51.181	40.920	51.367	43.794
Profit before tax	RM Million	<b>321.566</b>	408.855	369.484	312.394	311.936
Earnings for the year	RM Million	<b>170.302</b>	244.482	192.889	110.540	166.532
Net dividends proposed/declared for the year	RM Million	<b>68.688</b>	58.139	63.585	42.390	41.801
Issued share capital	RM Million	<b>490.623</b>	367.967	367.967	367.967	367.967
Shareholders' funds *	RM Million	<b>2,775.528</b>	2,653.469	2,474.555	2,343.889	2,282.875
Total assets employed	RM Million	<b>5,205.787</b>	4,958.795	4,996.860	4,816.839	4,715.164
Earnings per share #	Sen	<b>34.71</b>	49.83	39.32	22.53	33.94
KLSE Quotations						
High #	RM	<b>4.20</b>	4.58	3.68	5.96	6.30
Low #	RM	<b>2.50</b>	2.64	2.49	2.27	3.79
No. of shareholders		<b>7,928</b>	8,504	8,319	5,121	4,179

\* The comparative figures have been adjusted accordingly to comply with MASB 19(11).

# The comparative figures have been adjusted for the 1 for 3 bonus issue in 2001.

## 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 Kuala Lumpur Stock Exchange.

In preparing the financial statements for the year ended 31 December 2001 set out on pages **3.16** to **3.75** 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 26 February 2002.

## Directors' Report

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 2001.

### PRINCIPAL ACTIVITIES

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

The principal activities of the Group are sugar refining, flour and feed milling, edible oils processing, shipping, commodity and chemicals trading, oil palm and rubber cultivation, waste management and utilities, property development, film exhibition and distribution.

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

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit after taxation	248,262	139,909
Profit attributable to minority interests	(77,960)	-
Net profit for the year	170,302	139,909
Unappropriated profit brought forward	1,819,149	779,667
Effect of changes in group structure	4,381	-
Transfer from capital reserves	7,352	-
Profit available for appropriation	2,001,184	919,576
Dividend	(26,494)	(26,494)
Unappropriated profit carried forward	<u>1,974,690</u>	<u>893,082</u>

### DIVIDENDS

The Directors recommend the payment of a final dividend of 10 sen per share comprising of 5 sen tax exempt and 5 sen less 28% income tax payable on Thursday, 23 May 2002 to shareholders registered in the Company's books at the close of business on Monday, 6 May 2002.

Together with the interim dividend of 10 sen per share less 28% income tax paid on 19 September 2001, the total dividend payment for the financial year would be 20 sen per share comprising of 5 sen tax exempt and 15 sen less 28% income tax.

Since the end of the previous financial year, the dividends paid by the Company in respect of the financial year ended 31 December 2000 were as follows :-

Final dividend of 10 sen less 28% income tax, paid on 31 May 2001	<b>RM'000</b> <u>26,494</u>
---	--------------------------------

### RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the statement of changes in equity as set out on page 3.18.

**SHARES AND DEBENTURES**

During the financial year, the issued and paid-up capital of the Company was increased from RM367,967,343 to RM490,623,124 through a Bonus Issue of one (1) new ordinary share of RM1.00 each credited as fully paid-up for every three (3) existing ordinary shares held, by capitalising RM122,655,781 from the Share Premium Account.

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 :-

Ong Ie Cheong	(Executive Chairman)
Datuk Oh Siew Nam	(Deputy Chairman)
Dato' Lim Chee Wah	(Executive Director)
Dato' Abdul Jabid bin Mohd Don	
Dato' Sri Liang Kim Bang	
Ang Guan Seng	
Tan Yew Jin	(Appointed on 12 May 2001)

In accordance with Article 107 of the Company's Articles of Association, Messrs Ong Ie Cheong and Ang Guan Seng retire by rotation at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

Mr Tan Yew Jin who was appointed a Director during the year, retires at the AGM in accordance with Article 88 and being eligible, offers himself for re-election as Director.

Dato' Abdul Jabid bin Mohd Don, who has attained seventy years of age, retires in accordance with Section 129 of the Companies Act 1965 and offers himself for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next AGM.

**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	No. of ordinary shares of RM1 each registered in the name of Directors				
	As at 1.1.01	Bonus Issue	Bought	Sold	As at 31.12.01
Datuk Oh Siew Nam	43,000	14,333	-	-	57,333
Dato' Abdul Jabid bin Mohd Don	10,000	3,333	-	-	13,333
Tan Yew Jin	10,000	3,333	-	-	13,333

**DIRECTORS' INTERESTS IN SHARES (continued)**

Name of Director	No. of ordinary shares of RM1 each in which Directors are deemed to have interest				
	As at 1.1.01	Bonus Issue	Bought	Sold	As at 31.12.01
Ong Ie Cheong	3,000	1,000	-	-	4,000
Datuk Oh Siew Nam	210,000	70,000	-	-	280,000
Dato' Abdul Jabid bin Mohd Don	10,000	3,333	-	-	13,333
Ang Guan Seng	15,431,000	5,143,666	-	-	20,574,666
Tan Yew Jin	30,556	10,185	-	-	40,741

**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 1.1.01	Bought	Sold	As at 31.12.01
Ong Ie Cheong	PPBOP	24,000	-	-	24,000
Datuk Oh Siew Nam	FFM	3,000	-	-	3,000
	PPBOP	20,000	-	-	20,000
Dato' Lim Chee Wah	PPBOP	10,000	-	-	10,000
Dato' Abdul Jabid bin Mohd Don	PPBOP	10,000	-	-	10,000
Dato' Sri Liang Kim Bang	PPBOP	10,000	-	-	10,000
Tan Yew Jin	PPBOP	15,000	-	-	15,000

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			
		As at 1.1.01	Bought	Sold	As at 31.12.01
Datuk Oh Siew Nam	FFM	178,250	-	-	178,250
	PPBOP	36,000	-	-	36,000
Dato' Abdul Jabid bin Mohd Don	PPBOP	10,000	-	-	10,000
Ang Guan Seng	FFM	5,250	-	-	5,250
Tan Yew Jin	FFM	180,625	-	-	180,625
	PPBOP	10,000	-	-	10,000

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 Mr Kuok Khoon Ean, a past director, who has financial interest in companies which have sugar contracts with a subsidiary company, Malayan Sugar Manufacturing Company Berhad.

**SIGNIFICANT EVENTS**

- (a) On 18 July 2001, the Company entered into a conditional Shares Sale Agreement with Orange Grove Holdings Pte Ltd, Singapore for the disposal of the Company's 20% equity interest in Tanjong Aru Hotel Sdn Bhd comprising 16,600,000 ordinary shares of RM1.00 each for a cash consideration of RM30.710 million.
- (b) On 17 September 2001, the Company entered into a conditional Shares Sale Agreement with Shangri-La Hotels (Malaysia) Berhad for the disposal of PPB's 25% equity interest in Pantai Dalit Beach Resort Sdn Bhd comprising 33,750,000 ordinary shares of RM1.00 each for a cash consideration of RM28.688 million. The sale was completed on 25 January 2002.
- (c) The disposal of the 70% equity interest in PT Tidar Sungkai Sawit ("TSS") from the Company to PPB Oil Palms Berhad, a 58.7% subsidiary company, comprising 7,000,000 shares of USD1.00 each in TSS for a cash consideration of USD3.612 million (RM13.727 million) including the repayment to PPB of a shareholders' loan granted by PPB to TSS together with interest thereon amounting to USD7.863 million (RM29.88 million) was completed during the year.

**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.

**INFORMATION ON THE FINANCIAL STATEMENTS (continued)**

- (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

**ONG IE CHEONG**  
Executive Chairman

**DATUK OH SIEW NAM**  
Deputy Chairman

Kuala Lumpur  
28 February 2002

**3.16**

consolidated income statement

**3.17**

consolidated balance sheet

**3.18**

consolidated statement of changes  
in equity

**3.19 - 3.20**

consolidated cash flow statement



# Financial | statements

**3.21**

income statement

**3.22**

balance sheet

**3.23**

statement of changes in equity

**3.24 - 3.25**

cash flow statement

**3.26 - 3.75**

accounting policies and explanatory notes

## Consolidated Income Statement

for the year ended 31 December 2001

	Note	2001 RM'000	2000 RM'000
Revenue	3	5,629,093	5,240,288
Cost of sales	4	(5,048,689)	(4,632,156)
Gross profit		580,404	608,132
Other operating income		20,337	35,858
Distribution costs		(189,924)	(201,097)
Administrative expenses		(129,795)	(126,592)
Other operating expenses		(45,903)	(50,009)
Profit from operations	5	235,119	266,292
Net profit from investing activities	6	15,962	111,053
Share of associated companies' profits less losses		84,254	51,181
Share of jointly controlled entities' profits less losses ( see note 45 (a) )		8	54
Finance costs	7	(13,777)	(19,725)
Profit before taxation		321,566	408,855
Taxation - Group	8	(60,271)	(77,405)
- Share of taxation of associated companies	8	(13,013)	(10,425)
- Share of taxation of jointly controlled entities ( see note 45 (a) )	8	(20)	(20)
Profit after taxation		248,262	321,005
Minority interests		(77,960)	(76,523)
Net profit for the year		170,302	244,482
Basic earnings per share (sen)	9	34.7	49.8
Diluted earnings per share (sen)	9	34.7	49.8
Dividend per share (net of tax) (sen)			
- Interim		7.2	8.6
- Final		8.6	7.2
		15.8	15.8

## Consolidated Balance Sheet

as at 31 December 2001

	Note	2001 RM'000	2000 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,375,236	2,215,946
Land held for development	11	15,153	52,036
Intangible asset	12	39,073	42,268
Investment in subsidiary company	13	-	2,191
Investment in associated companies	14	675,320	675,223
Investment in jointly controlled entities	15	671	663
Other investments	16	242,384	259,068
		3,347,837	3,247,395
<b>CURRENT ASSETS</b>			
Inventories	18	590,229	537,656
Land under development	19	44,874	-
Gross amount due from customers	20	10,455	3,136
Trade and other receivables	21	459,882	343,476
Amounts due from associated companies	22	213,789	306,780
Amounts due from jointly controlled entities	15	45,808	39,596
Deposits	23	453,128	431,272
Cash and bank balances	24	39,785	49,484
		1,857,950	1,711,400
Less:			
<b>CURRENT LIABILITIES</b>			
Gross amount due to customers	20	29,602	22,225
Trade and other payables	25	403,535	372,942
Amounts due to associated companies	22	61,801	8,008
Hire purchase liabilities	26	163	443
Short term borrowings	27	469,442	507,696
Taxation		32,459	34,122
Proposed dividend		-	26,494
		997,002	971,930
		860,948	739,470
		4,208,785	3,986,865
<b>NET CURRENT ASSETS</b>			
<b>Financed by:</b>			
SHARE CAPITAL	28	490,623	367,967
SHARE PREMIUM		21,140	143,908
NON-DISTRIBUTABLE RESERVES	29	289,075	295,951
UNAPPROPRIATED PROFIT		1,974,690	1,819,149
<b>SHAREHOLDERS' EQUITY</b>		2,775,528	2,626,975
<b>MINORITY INTEREST</b>		1,331,655	1,286,800
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Bank term loans	30	32,751	10,571
Hire purchase liabilities	26	73	619
Deferred income	31	11,721	12,349
Deferred taxation	32	57,057	49,551
		101,602	73,090
Total Non-Current and Deferred Liabilities		4,208,785	3,986,865

## Consolidated Statement of Changes In Equity

for the year ended 31 December 2001

Note	Share Capital RM'000	Share Premium RM'000	Non-distributable			Unappropriated Profit RM'000	Total RM'000	
			Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000			Total RM'000
<b>At 1 January 2000</b>	367,967	143,908	152,586	36,465	117,556	306,607	1,634,878	2,453,360
Effect of changes in group structure Translation differences for the year	-	-	(590)	-	(209)	(799)	(2,087)	(2,886)
Share of reserves of associated companies	-	-	-	(10,900)	-	(10,900)	-	(10,900)
Net gains/(losses) not recognised in the income statement	-	-	-	(86)	1,144	1,058	-	1,058
Net profit for the year	-	-	(590)	(10,986)	935	(10,641)	(2,087)	(12,728)
Transfer of reserves	-	-	-	-	-	-	244,482	244,482
Dividends	-	-	(1,906)	-	1,891	(15)	15	-
	-	-	-	-	-	-	(58,139)	(58,139)
<b>At 31 December 2000</b>	367,967	143,908	150,090	25,479	120,382	295,951	1,819,149	2,626,975
Effect of changes in group structure Translation differences for the year	-	-	(388)	-	122	(266)	4,381	4,115
Fair value adjustment following increase in the percentage of shareholding in a subsidiary company	-	-	-	(3,800)	-	(3,800)	-	(3,800)
Share of reserves of associated companies	-	-	4,674	-	-	4,674	-	4,674
Realised upon liquidation of a subsidiary company	-	-	99	3,646	(2,289)	1,456	-	1,456
Net gains/(losses) not recognised in the income statement	-	-	-	(1,588)	-	(1,588)	-	(1,588)
Net profit for the year	-	-	4,385	(1,742)	(2,167)	476	4,381	4,857
Transfer of reserves	-	-	-	-	-	-	170,302	170,302
Dividend	-	-	(12,076)	-	4,724	(7,352)	7,352	-
Bonus issue of 1 for 3	122,656	(122,656)	-	-	-	-	(26,494)	(26,494)
Bonus issue expenses	-	(112)	-	-	-	-	-	(112)
<b>At 31 December 2001</b>	490,623	21,140	142,399	23,737	122,939	289,075	1,974,690	2,775,528

## Consolidated Cash Flow Statement

for the year ended 31 December 2001

### CASH FLOWS FROM OPERATING ACTIVITIES

Note	2001 RM'000	2000 RM'000
Profit before taxation	321,566	408,855
<b>Adjustment for non-cash items :</b>		
Depreciation	118,199	112,714
Property, plant and equipment written off	1,213	3,850
(Profit)/Loss on sale of property, plant and equipment	(2,528)	1,019
Loss on sale of subsidiary companies	1,067	92
Profit on sale of associated companies	(561)	(56,572)
Loss/(Profit) on sale of other investments	2,002	(38,407)
Surplus arising from liquidation of subsidiary companies	(7,174)	-
Deficit arising from liquidation of an associated company	4,099	-
Allowance for impairment in value of other investments	5,154	5,851
Allowance for doubtful debts no longer required	(3,014)	(5,030)
Bad and doubtful debts	1,999	3,874
Advances to an associated company written off	514	-
Loss/(Profit) accrued on the percentage of completion method	7,754	(8,683)
Share of profits less losses in associated companies	(84,254)	(51,181)
Share of jointly controlled entities' profits less losses	(8)	(54)
Inventories written off	202	405
Unrealised foreign exchange loss/(gain)	3,251	(2,016)
Goodwill on acquisition of subsidiary companies written off	3,284	2,549
Discount on acquisition of subsidiary companies written off	(2,779)	(740)
Interest expense	13,777	19,725
Dividend income	(4,385)	(7,564)
Interest income	(14,036)	(12,253)
Rental income	(15,331)	(13,191)
<b>Operating profit before working capital changes</b>	350,011	363,243
<b>Adjustment for working capital changes :</b>		
Land and development expenditure	1,745	(13,864)
Inventories	(52,547)	61,968
Gross amounts due from/to customers	(13,694)	22,793
Receivables	(15,763)	132,870
Payables	89,747	(16,094)
<b>Cash generated from operations</b>	359,499	550,916
Rental received	13,326	12,254
Tax paid	(58,118)	(41,750)
<b>Net cash generated from operating activities</b>	314,707	521,420

**CASH FLOWS FROM INVESTING ACTIVITIES**

	Note	2001 RM'000	2000 RM'000
Acquisition of shares in new subsidiary companies	35	2	(4,239)
Acquisition of shares in existing subsidiary companies		(13,169)	(1,508)
Net cash outflow from sale of subsidiary companies	36	(1,795)	-
Proceeds from partial disposal of subsidiary companies		1,359	1,725
Investment in associated companies		(2,250)	(3,254)
Proceeds from sale of associated companies		3	73,982
Proceeds from liquidation of an associated company		15,974	-
Proceeds from redemption of preference shares of associated companies		-	4,693
Repayment from associated companies		2,437	14,315
Advances to jointly controlled entities		(6,212)	(39,193)
Purchase of other investments		(9,974)	(44)
Proceeds from sale of other investments		19,094	89,574
Purchase of property, plant and equipment	38	(275,050)	(196,938)
Proceeds from sale of property, plant and equipment		9,528	9,544
Dividends received from associated companies		42,965	23,210
Dividends received from other investments		4,044	7,399
Interest received		14,036	12,253
Rental received		2,005	937
<b>Net cash used in investing activities</b>		<b>(197,003)</b>	<b>(7,544)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares issued to minority shareholders of subsidiary companies		4,945	200
Share application monies received from a minority shareholder of a subsidiary company		-	22,345
Revolving credits, bankers' acceptance and export credit refinancing		(52,650)	(252,663)
Bank term loans received		40,680	8,643
Repayment of bank term loans		(1,421)	(1,183)
Payment of hire purchase liabilities		(377)	(845)
Payment of share issue expenses		(112)	-
(Repayment to)/Advances from associated companies		(16)	29
Interest paid		(21,638)	(25,195)
Dividends paid to shareholders of the Company		(52,988)	(74,035)
Dividends paid to minority shareholders of subsidiary companies		(16,929)	(65,594)
<b>Net cash used in financing activities</b>		<b>(100,506)</b>	<b>(388,298)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17,198</b>	<b>125,578</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		<b>465,853</b>	<b>347,489</b>
<b>CASH AND CASH EQUIVALENTS OF SUBSIDIARY COMPANY NO LONGER CONSOLIDATED</b>	13	-	(2,303)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		<b>(969)</b>	<b>(4,911)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<b>482,082</b>	<b>465,853</b>
Represented by :			
Cash and bank balances		39,785	49,484
Deposits		453,128	431,272
Bank overdrafts		(10,831)	(14,903)
		<b>482,082</b>	<b>465,853</b>

**Income Statement**

for the year ended 31 December 2001

	Note	2001 RM'000	2000 RM'000
Revenue	3	26,670	27,075
Cost of sales	4	(19,954)	(19,138)
Gross profit		6,716	7,937
Other operating income		1,499	936
Administrative expenses		(10,396)	(10,460)
Other operating expenses		(96)	(324)
Loss from operations	5	(2,277)	(1,911)
Net profit from investing activities	6	173,906	178,921
Finance costs	7	(5,431)	(11,222)
Profit before taxation		166,198	165,788
Taxation	8	(26,289)	(48,660)
<b>Net profit for the year</b>		<b>139,909</b>	<b>117,128</b>
Dividends per share (net of tax) (sen)			
- Interim		7.2	8.6
- Final		8.6	7.2
		<b>15.8</b>	<b>15.8</b>

## Balance Sheet

as at 31 December 2001

	Note	2001 RM'000	2000 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	49,438	50,253
Investment in subsidiary companies	13	1,008,116	1,016,066
Investment in associated companies	14	114,738	119,767
Other investments	16	140,705	140,705
Amounts due from subsidiary companies	17	99,892	51,298
		1,412,889	1,378,089
<b>CURRENT ASSETS</b>			
Inventories	18	10,167	11,553
Trade and other receivables	21	6,003	15,375
Amounts due from subsidiary companies	17	69,704	103,707
Amounts due from associated companies	22	3,951	6,093
Tax recoverable		7,211	-
Deposits	23	2,420	500
Cash and bank balances		579	408
		100,035	137,636
<b>Less:</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	25	3,178	4,621
Amounts due to subsidiary companies	17	82,277	96,261
Amounts due to associated companies	22	35	52
Short term borrowings	27	22,589	90,540
Taxation		-	6,215
Proposed dividend		-	26,494
		108,079	224,183
		(8,044)	(86,547)
		1,404,845	1,291,542
<b>NET CURRENT LIABILITIES</b>			
		(8,044)	(86,547)
		1,404,845	1,291,542
<b>Financed by:</b>			
SHARE CAPITAL	28	490,623	367,967
SHARE PREMIUM		21,140	143,908
UNAPPROPRIATED PROFIT		893,082	779,667
		1,404,845	1,291,542

## Statement of Changes In Equity

for the year ended 31 December 2001

	Note	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000
<b>As at 1 January 2000</b>					
		367,967	143,908	720,678	1,232,553
Net profit for the year		-	-	117,128	117,128
Dividends	34	-	-	(58,139)	(58,139)
<b>As at 31 December 2000</b>					
		367,967	143,908	779,667	1,291,542
Net profit for the year		-	-	139,909	139,909
Dividend	34	-	-	(26,494)	(26,494)
Bonus issue of 1 for 3	28	122,656	(122,656)	-	-
Bonus issue expenses		-	(112)	-	(112)
<b>As at 31 December 2001</b>					
		490,623	21,140	893,082	1,404,845

## Cash Flow Statement

for the year ended 31 December 2001

	2001 RM'000	2000 RM'000	Note	2001 RM'000	2000 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation	166,198	165,788			
<b>Adjustment for non-cash items :</b>					
Depreciation	2,066	2,159			
Property, plant and equipment written off	21	92			
Profit on sale of property, plant and equipment	(50)	(607)			
Loss/(Profit) on sale of subsidiary companies	107	(8,286)			
Profit on sale of associated companies	-	(9,172)			
Surplus arising from liquidation of an associated company	(2,957)	-			
Allowance for impairment in value of investment in subsidiary companies	-	24,622			
Bad and doubtful debts	-	83			
Advances to a subsidiary company written off	3,299	6,251			
Interest expense	5,431	11,222			
Dividend income	(170,748)	(187,178)			
Interest income	(3,102)	(4,151)			
Rental income	(505)	(508)			
<b>Operating (loss)/profit before working capital changes</b>	<b>(240)</b>	<b>315</b>			
<b>Adjustment for working capital changes :</b>					
Inventories	1,386	(20)			
Receivables	10,078	(5,741)			
Payables	(1,443)	188			
<b>Cash generated from/(used in) operations</b>	<b>9,781</b>	<b>(5,258)</b>			
Tax (paid)/refunded	(13,080)	641			
<b>Net cash used in operating activities</b>	<b>(3,299)</b>	<b>(4,617)</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of shares in existing subsidiary companies	(5,775)	(27,335)			
Proceeds from sale of subsidiary companies	13,618	9,550			
Proceeds from liquidation of an associated company	7,986	-			
Investment in associated companies	-	(2,000)			
Proceeds from sale of associated companies	-	81,614			
Proceeds from redemption of preference shares of associated companies	-	4,693			
Purchase of property, plant and equipment	(1,273)	(645)	38		
Proceeds from sale of property, plant and equipment	51	1,854			
(Advances to)/Repayment from subsidiary companies	(23,998)	13,848			
Repayment from associated companies	1,393	4,598			
Dividends received from subsidiary companies	141,919	116,279			
Dividends received from associated companies	6,255	5,954			
Dividends received from other investments	2,090	1,927			
Interest received	3,102	4,151			
Rental received	505	508			
<b>Net cash generated from investing activities</b>	<b>145,873</b>	<b>214,996</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Bonus issue expenses	(112)	-			
Revolving credits	(67,055)	4,580			
Interest paid	(5,431)	(10,473)			
Repayment to subsidiary companies	(13,984)	(130,789)			
(Repayment to)/Advances from associated companies	(17)	30			
Dividends paid	(52,988)	(74,035)			
<b>Net cash used in financing activities</b>	<b>(139,587)</b>	<b>(210,687)</b>			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,987</b>	<b>(308)</b>			
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(577)</b>	<b>(269)</b>			
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>2,410</b>	<b>(577)</b>			
<b>Represented by :</b>					
Cash and bank balances	579	408			
Deposits	2,420	500			
Bank overdrafts	(589)	(1,485)			
	<b>2,410</b>	<b>(577)</b>			

Accounting policies and explanatory notes are set out on pages 3.26 to 3.75  
Auditors' Report - Page 3.77

# Accounting Policies & Explanatory Notes

for the year ended 31 December 2001

## 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 accounting

The financial statements comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and have been prepared under the historical cost convention unless otherwise indicated in the accounting policies set out below.

### (b) Subsidiary companies

A subsidiary company is a company in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors.

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 (other than those under liquidation) 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 the 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. The carrying amount and amortisation period is reviewed annually, and goodwill is written down when, in the opinion of the directors, its value has deteriorated or when it ceases to have a useful life.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Discount on acquisition is retained in the balance sheet and credited to the income statement over a suitable period decided in relation to 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

The Group treats as associated companies 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 is a method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associated company. The consolidated financial statements reflects the Group's share of the results of operations of the associated company.

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 of accounting policies with 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 interest in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of accounting policies with the Group.

In prior years, the results of the jointly controlled entities were accounted for in the consolidated financial statements using the proportionate consolidation method of accounting where the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined on a line-by-line basis with similar items in the Group's financial statements in accordance with *International Accounting Standard 31 - Financial Reporting of Interest in Joint Ventures*. During the current financial year, the Group adopted the equity method of accounting for jointly controlled entities in compliance with *MASB 16 - Financial Reporting of Interest in Joint Ventures*. This change in accounting policy has resulted in a restatement of comparative information of the Group as disclosed in note 45(a).

### (f) Other investments

Other investments 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 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 disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed 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. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred.

#### (ii) Leased assets

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; 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 in the period the rental is payable.

### (iii) 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.

In respect of oil palm and fruit plantations, new planting expenditure incurred on land clearing and upkeep of trees up to maturity is capitalised under land cost and not depreciated, as the economic useful lives of planted areas are maintained through replanting programmes. Replanting expenditure is charged to the income statement when incurred.

Depreciation of the 2 vessels owned by the Group are calculated on the straight line basis to write off their cost net of estimated residual values over their expected useful lives of 179 months and 240 months. Cost includes the cost of any major enhancements and improvements which increase the future benefits from the vessels beyond their previously assessed standard of performance. The cost of routine replacements and repairs is immediately charged to the income statement.

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) Development properties

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

Land held for development are 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 land. Accordingly, land held for development are classified as non-current assets on the balance sheet and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land under development are defined as land on which development has commenced and is expected to be completed within the normal operating cycle and these are classified as current assets.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, no development profit is recognised.

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.

On the balance sheet, land under development are stated at cost plus attributable development profits recognised under the percentage of completion method less recognised foreseeable losses and progress billings.

### (i) Engineering contracts

The Group's engineering contracts comprise substantially of 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.

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 the stage of the completion of contract activity, or 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).

### (j) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 sales 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.

Sugar cane planting expenditure incurred in between annual harvests are deferred as future cane crop expenditure and included as part of inventories under current assets, and are charged to the income statement at the time of harvesting.

### (k) Receivables

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

### (l) 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 periods of the respective leases.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Capitalisation of 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 will cease when that assets are completed or during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement in the period in 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.

### (n) Foreign currencies

#### (i) Transactions in foreign currencies

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of 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 if appropriate at forward contract rates. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities 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 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 Effects of Changes in Foreign Exchange Rates*.

For consolidation purposes, all assets and liabilities 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (iii) Closing rates used

The closing rates used in translation were as follows:

	2001 RM	2000 RM
One United States Dollar	3.80	3.80
One Sterling Pound	5.57	5.72
One Singapore Dollar	2.05	2.19
One Euro	3.40	N/A
100 Lire	N/A	0.19
100 Indonesian Rupiah	0.04	0.04
100 Hong Kong Dollars	48.74	48.73
100 Japanese Yen	2.92	N/A
1,000 Vietnamese Dong	0.25	0.26

N/A - Not Applicable

### (o) Taxation

The tax expense in the income statement represents taxation at current tax rates based on results for the financial year adjusted for items which are non-assessable or non-deductible.

Deferred taxation is provided on the liability method for taxation deferred in respect of all material timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

### (p) 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.

### (q) 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").

**3. REVENUE**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sales of agricultural produce, food-based products and other goods	5,420,654	5,070,001	26,670	27,075
Waste management and other services rendered	14,724	21,290	-	-
Collection from cinema operations	45,377	45,941	-	-
Contract revenue	111,612	90,802	-	-
Sale of development properties	23,400	-	-	-
Rental from leasing of properties	13,326	12,254	-	-
	5,629,093	5,240,288	26,670	27,075

**4. COST OF SALES**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cost of goods sold and services rendered	4,887,148	4,488,119	19,954	19,138
Cost of cinema operations	46,206	49,199	-	-
Contract cost recognised as expense	97,932	94,838	-	-
Cost of properties sold	17,403	-	-	-
	5,048,689	4,632,156	19,954	19,138

**5. PROFIT/(LOSS) FROM OPERATIONS**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Profit/(Loss) from operations is stated after charging :</b>				
Auditors' remuneration				
- current year	933	867	41	37
- under/(over) provision in prior year	47	(2)	4	-
Bad and doubtful debts	1,999	3,874	-	83
Depreciation	118,199	112,714	2,066	2,159
Directors' remuneration				
- fees				
- current year	746	480	147	60
- overprovision in prior year	(2)	-	-	-
- other emoluments	14,216	14,751	2,040	2,240
Foreign exchange loss				
- realised	532	10,099	12	-
- unrealised	3,894	6,709	-	-
Goodwill on acquisition of subsidiary companies amortised	1,616	2,455	-	-
Inventories written off	202	405	-	-
Loss on sale of property, plant and equipment	72	3,176	-	-
Operating lease rentals	769	263	-	-
Property, plant and equipment written off	1,213	3,850	21	92
Rental of premises	12,391	14,925	329	354
<b>and crediting:</b>				
Profit on sale of property, plant and equipment	2,600	978	50	108
Allowance for doubtful debts no longer required	3,014	5,030	-	-
Foreign exchange gain				
- realised	720	235	-	-
- unrealised	643	8,725	-	-
Discount on acquisition of subsidiary companies amortised	474	562	-	-

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Company's directors	98	72	12	17
Subsidiaries' directors	329	244	-	-



## 8. TAXATION (continued)

The Group's effective taxation rate for the year is low compared to the statutory rate mainly because of the utilisation of reinvestment allowances claimed during the year.

The Company's effective taxation rate for the year is low compared to the statutory rate mainly because of tax exempt dividends received.

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, approximately RM677.862 million of the unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability.

## 9. EARNINGS PER SHARE

### a. Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's net profit for the year of RM170.302 million (2000 : RM244.482 million) and 490.623 million shares (2000 : 490.623 million shares, after incorporating the effect of the 1 for 3 bonus issue in 2001) in issue during the year.

### b. Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's net profit for the 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 (2000 : 490.623 million shares, after incorporating the effect of the 1 for 3 bonus issue in 2001) in issue during the year.

	2001 RM'000	2000 RM'000
Net profit for the year	170,302	244,482
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the year	(25)	(49)
Adjusted net profit for the year	170,277	244,433

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Plant, machinery and equipment RM'000	Vehicles, vessels and fixtures RM'000	Capital work in progress RM'000	Total RM'000
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000				
<b>GROUP</b>							
<b>Cost/Valuation</b>							
<b>At 1.1.2001</b>							
- cost	307,935	661,563	300,157	959,896	181,264	100,312	2,511,127
- valuation	8,702	475,621	101,217	31,309	-	-	616,849
As previously reported	316,637	1,137,184	401,374	991,205	181,264	100,312	3,127,976
Effect of change in accounting policy (see note 45(a))	-	-	-	-	(49)	-	(49)
As restated							
- cost	307,935	661,563	300,157	959,896	181,215	100,312	2,511,078
- valuation	8,702	475,621	101,217	31,309	-	-	616,849
	316,637	1,137,184	401,374	991,205	181,215	100,312	3,127,927
Fair value adjustment*	-	-	16,469	-	-	-	16,469
Additions	2,835	45,661	11,538	27,009	84,070	115,001	286,114
Disposals - cost	(313)	(500)	(877)	(10,336)	(16,359)	(150)	(28,535)
Exchange adjustments	-	-	(3,953)	(9,375)	(568)	(1,715)	(15,611)
Reclassifications - cost	10,451	20,363	41,903	75,095	(8,036)	(139,776)	-
- valuation	-	(10,623)	10,623	-	-	-	-
Cost overaccrued in previous years	-	(2,340)	-	-	-	(113)	(2,453)
Transfer to land held for development							
- cost	(2,823)	-	-	-	-	-	(2,823)
Write-offs - cost	-	(75)	(1,072)	(3,629)	(4,136)	(58)	(8,970)
- valuation	-	(287)	-	-	-	-	(287)
<b>At 31.12.2001</b>	<b>326,787</b>	<b>1,189,383</b>	<b>476,005</b>	<b>1,069,969</b>	<b>236,186</b>	<b>73,501</b>	<b>3,371,831</b>
- cost	318,085	724,672	364,165	1,038,660	236,186	73,501	2,755,269
- valuation	8,702	464,711	111,840	31,309	-	-	616,562
	326,787	1,189,383	476,005	1,069,969	236,186	73,501	3,371,831

\* Fair value adjustment made following an increase in the percentage of shareholding in a subsidiary company

**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Land and buildings			Plant, machinery and equipment RM'000	Vehicles, vessels and fixtures RM'000	Capital work in progress RM'000	Total RM'000
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000				
<b>GROUP</b>							
<b>Accumulated depreciation</b>							
At 1.1.2001							
- cost	21,945	57,199	99,400	532,808	121,531	275	833,158
- valuation	1,121	16,034	36,227	25,450	-	-	78,832
<b>As previously reported</b>	<b>23,066</b>	<b>73,233</b>	<b>135,627</b>	<b>558,258</b>	<b>121,531</b>	<b>275</b>	<b>911,990</b>
Effect of change in accounting policy (see note 45(a))	-	-	-	-	(9)	-	(9)
As restated							
- cost	21,945	57,199	99,400	532,808	121,522	275	833,149
- valuation	1,121	16,034	36,227	25,450	-	-	78,832
	23,066	73,233	135,627	558,258	121,522	275	911,981
Charge for the year - cost	4,283	9,992	10,672	70,720	18,844	-	114,511
- valuation	-	4,102	3,361	-	-	-	7,463
Disposals - cost	(27)	(160)	(149)	(6,629)	(12,875)	-	(19,840)
Exchange adjustments	-	-	(1,153)	(7,935)	(388)	-	(9,476)
Reclassifications - cost	-	(4,291)	3,001	5,673	(4,114)	(269)	-
Write-offs - cost	-	(66)	(672)	(3,384)	(3,737)	-	(7,859)
- valuation	-	(107)	(78)	-	-	-	(185)
<b>At 31.12.2001</b>	<b>27,322</b>	<b>82,703</b>	<b>150,609</b>	<b>616,703</b>	<b>119,252</b>	<b>6</b>	<b>996,595</b>
- cost	26,201	62,674	111,099	591,253	119,252	6	910,485
- valuation	1,121	20,029	39,510	25,450	-	-	86,110
	27,322	82,703	150,609	616,703	119,252	6	996,595
<b>Net book value at 31.12.2001</b>	<b>299,465</b>	<b>1,106,680</b>	<b>325,396</b>	<b>453,266</b>	<b>116,934</b>	<b>73,495</b>	<b>2,375,236</b>
- cost	291,884	661,998	253,066	447,407	116,934	73,495	1,844,784
- valuation	7,581	444,682	72,330	5,859	-	-	530,452
	299,465	1,106,680	325,396	453,266	116,934	73,495	2,375,236
<b>Net book value at 31.12.2000</b>	<b>293,571</b>	<b>1,063,951</b>	<b>265,747</b>	<b>432,947</b>	<b>59,693</b>	<b>100,037</b>	<b>2,215,946</b>
- cost	285,990	604,364	200,757	427,088	59,693	100,037	1,677,929
- valuation	7,581	459,587	64,990	5,859	-	-	538,017
	293,571	1,063,951	265,747	432,947	59,693	100,037	2,215,946
<b>Depreciation charged for year ended 31.12.2000</b>	<b>3,952</b>	<b>14,351</b>	<b>11,851</b>	<b>64,149</b>	<b>19,993</b>	<b>108</b>	<b>114,404</b>

**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Land and buildings			Plant, machinery and equipment RM'000	Vehicles, vessels and fixtures RM'000	Total RM'000
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000			
<b>COMPANY</b>						
<b>Cost/Valuation</b>						
At 1.1.2001						
- cost	7,589	38,211	-	13,708	6,296	65,804
- valuation	-	21,423	-	-	-	21,423
	<b>7,589</b>	<b>59,634</b>	-	<b>13,708</b>	<b>6,296</b>	<b>87,227</b>
Additions	-	268	-	191	814	1,273
Disposals	-	-	-	-	(138)	(138)
Write-offs - cost	-	(57)	-	(603)	(20)	(680)
Reclassification - cost	-	(8)	-	8	-	-
<b>At 31.12.2001</b>	<b>7,589</b>	<b>59,837</b>	-	<b>13,304</b>	<b>6,952</b>	<b>87,682</b>
- cost	7,589	38,414	-	13,304	6,952	66,259
- valuation	-	21,423	-	-	-	21,423
	7,589	59,837	-	13,304	6,952	87,682
<b>Accumulated depreciation</b>						
At 1.1.2001						
- cost	-	12,911	-	13,119	5,505	31,535
- valuation	-	5,439	-	-	-	5,439
	-	<b>18,350</b>	-	<b>13,119</b>	<b>5,505</b>	<b>36,974</b>
Charge for the year - cost	-	755	-	475	579	1,809
- valuation	-	257	-	-	-	257
Disposals	-	-	-	-	(137)	(137)
Write-offs - cost	-	(58)	-	(585)	(16)	(659)
<b>At 31.12.2001</b>	-	<b>19,304</b>	-	<b>13,009</b>	<b>5,931</b>	<b>38,244</b>
- cost	-	13,608	-	13,009	5,931	32,548
- valuation	-	5,696	-	-	-	5,696
	-	19,304	-	13,009	5,931	38,244
<b>Net book value at 31.12.2001</b>	<b>7,589</b>	<b>40,533</b>	-	<b>295</b>	<b>1,021</b>	<b>49,438</b>
- cost	7,589	24,806	-	295	1,021	33,711
- valuation	-	15,727	-	-	-	15,727
	7,589	40,533	-	295	1,021	49,438
<b>Net book value at 31.12.2000</b>	<b>7,589</b>	<b>41,284</b>	-	<b>589</b>	<b>791</b>	<b>50,253</b>
- cost	7,589	25,300	-	589	791	34,269
- valuation	-	15,984	-	-	-	15,984
	7,589	41,284	-	589	791	50,253
<b>Depreciation charged for year ended 31.12.2000</b>	-	<b>1,027</b>	-	<b>501</b>	<b>631</b>	<b>2,159</b>

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Included in the cost of the Group's plantation land are the following expenses capitalised during the financial year:				
Interest expense	6,946	6,054	-	-
Depreciation	3,775	1,690	-	-
Included in property, plant and equipment is asset acquired under unexpired hire purchase arrangement with net book value as follows:				
Motor vehicles	486	1,655	-	-

Title deeds to certain of the Group's land and buildings costing RM91.532 million (2000 : RM91.532 million) have yet to be issued by the relevant authorities.

The property, plant and equipment stated at valuation were revalued by the directors based on independent professional valuations carried out in 1974, 1981, 1982, 1990 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 amount of the revalued property, plant and equipment has been retained on the basis of these valuations as though they have never been revalued.

The net book value of revalued assets based on the historical cost convention has not been disclosed as the relevant information is no longer available.

## 11. LAND HELD FOR DEVELOPMENT

	Group	
	2001 RM'000	2000 RM'000
Freehold land, at cost	2,062	13,177
Long leasehold land, at cost	263	263
Development expenditure, at cost	12,828	38,596
	15,153	52,036

## 12. INTANGIBLE ASSET

### Goodwill on acquisition of subsidiary companies

#### Cost

	Group 2001 RM'000	2000 RM'000
At 1 January	50,245	50,212
Arising from acquisitions during the year	1,675	505
Written off on disposals during the year	(1,586)	(378)
Deteriorated goodwill written off	(1,668)	(94)

At 31 December

#### Accumulated amortisation

	Group 2001 RM'000	2000 RM'000
At 1 January	7,977	5,522
Amortisation for the year	1,616	2,455
At 31 December	9,593	7,977

#### Net book value at 31 December

39,073 42,268 3.43

## 13. INVESTMENT IN SUBSIDIARY COMPANIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Shares quoted in Malaysia at cost	-	-	695,151	695,151
Unquoted shares in				
Consolidated subsidiary companies at cost less impairment loss of RM18.900 million (2000 : RM24.622 million)	-	-	307,588	288,203
Unconsolidated subsidiary company at cost	-	220	-	-
Unquoted shares at valuation	-	-	5,377	5,377
Group's share of post-acquisition retained profit of unconsolidated subsidiary company	-	1,971	-	-
Share application monies	-	-	-	27,335
	-	2,191	1,008,116	1,016,066

### 13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>The equity interest in the unconsolidated subsidiary company before commencement of members' voluntary liquidation is represented by :</b>				
Share of net assets of unconsolidated subsidiary company	-	2,191		
Goodwill/Discount on acquisition	-	-		
	-	2,191		
Market value of quoted shares	-	-	1,099,721	889,079

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 unconsolidated subsidiary company was Fedflour Trading (Singapore) Pte Ltd. Fedflour Trading (Singapore) Pte Ltd was placed under members' voluntary liquidation in 2000 and since then its financial statements are no longer included in the Group's financial statements.

The share application monies were paid in 2000 pursuant to a rights issue by a subsidiary company, Chemquest Sdn Bhd. The shares were allotted during the financial year and as at 31 December 2001, RM0.14 per share amounting to RM5.390 million remains uncalled (see note 42).

The subsidiary companies are listed in note 46.

### 14. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unquoted shares at cost	368,855	374,498	114,738	119,767
Group's share of post-acquisition reserves and retained profits less losses	306,465	300,725	-	-
	675,320	675,223	114,738	119,767
<b>The equity interest in associated companies is represented by :</b>				
Share of net assets of associated companies	687,963	685,768		
Discount less premium on acquisition	(12,643)	(10,545)		
	675,320	675,223		

The associated companies are listed in note 47.

### 15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Capital contribution, at cost  
Group's share of retained profits less losses

#### The equity interest in jointly controlled entities is represented by :

Share of net assets of jointly controlled entities

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

#### Assets and liabilities

Non-current assets  
Current assets  
Current liabilities  
Non-current liabilities  
Net assets

#### Results

Revenue  
Cost of sales  
Gross profit  
Other operating income  
Administrative expenses  
Net profit for the year

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

The amounts due from jointly controlled entities represent trade accounts which are unsecured and interest free. The amounts are expected to be settled within the normal credit periods.

The jointly controlled entities are listed in note 48.

	Group	
	2001 RM'000	2000 RM'000
Capital contribution, at cost	205	205
Group's share of retained profits less losses	466	458
	671	663
Share of net assets of jointly controlled entities	671	663
Non-current assets	552	227
Current assets	26,454	32,459
Current liabilities	(26,335)	(32,019)
Non-current liabilities	-	(4)
Net assets	671	663
Revenue	50,242	56,373
Cost of sales	(50,218)	(56,335)
Gross profit	24	38
Other operating income	61	34
Administrative expenses	(77)	(18)
Net profit for the year	8	54

## 16. OTHER INVESTMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Shares quoted in Malaysia at cost	38,238	38,238	30,011	30,011
Impairment loss	(110)	(110)	-	-
	38,128	38,128	30,011	30,011
Shares quoted outside Malaysia at cost	188,537	213,686	98,379	98,379
Impairment loss	(6,733)	(5,851)	-	-
	181,804	207,835	98,379	98,379
Unquoted shares at cost	25,027	15,605	14,815	14,815
Impairment loss	(2,575)	(2,500)	(2,500)	(2,500)
	22,452	13,105	12,315	12,315
	242,384	259,068	140,705	140,705
Market values of shares				
- quoted in Malaysia	24,375	25,624	15,643	15,941
- quoted outside Malaysia	167,069	243,387	71,197	98,595
	191,444	269,011	86,840	114,536

## 17. 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	
	2001 RM'000	2000 RM'000
Bearing interest at 3% (2000 : 4.15%) per annum	62,836	20,496
Interest free	37,056	30,802
	99,892	51,298

## 17. 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 advances with no fixed terms of repayment and are analysed as follows:

	Company	
	2001 RM'000	2000 RM'000
Bearing interest at 0.75% above inter-bank offer rates	-	28,799
Bearing interest at 4% (2000 : 4.15%)	3,319	3,000
Interest free	1,816	1,231
Dividends receivable	64,569	70,677
	69,704	103,707

### Amounts due to subsidiary companies included under current liabilities

The amounts due to subsidiary companies included under current liabilities represent unsecured advances with no fixed terms of repayment and are analysed as follows:

	Company	
	2001 RM'000	2000 RM'000
Bearing interest at 2.85% (2000 : 3.70%)	73,084	86,154
Interest free	9,193	10,107
	82,277	96,261

## 18. INVENTORIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Raw materials				
- cost	305,236	260,526	-	-
- net realisable value	3,734	-	-	-
Work-in-progress				
- cost	20,269	23,248	-	-
- net realisable value	148	-	-	-
Finished goods				
- cost	196,235	155,777	-	-
- net realisable value	4,627	37,630	-	-
Sundry stores and consumables				
- cost	46,954	45,909	2,668	2,881
Livestock				
- cost	5,527	5,894	-	-
Future cane crop expenditure				
- cost	7,499	8,672	7,499	8,672
	590,229	537,656	10,167	11,553

**19. LAND UNDER DEVELOPMENT**

	Group	
	2001 RM'000	2000 RM'000
Freehold land, at cost	16,000	-
Development and construction costs	44,339	-
	60,339	-
Attributable profit recognised to date	5,998	-
	66,337	-
Progress billings	(21,463)	-
	44,874	-
Progress billings comprise :		
Progress billings		
- received	19,846	-
- receivable	1,617	-
- retention sums	-	-
	21,463	-

Included under development and construction costs is the following expense incurred during the financial year :

	Group	
	2001 RM'000	2000 RM'000
Interest expense	915	-

**20. GROSS AMOUNTS DUE FROM/TO CUSTOMERS**

	Group	
	2001 RM'000	2000 RM'000
Aggregate contract expenditure incurred to date	305,701	396,911
Attributable profit recognised to date	30,041	43,793
	335,742	440,704
Progress billings	(354,889)	(459,793)
	(19,147)	(19,089)
Gross amount due from customers	10,455	3,136
Gross amount due to customers	(29,602)	(22,225)
	(19,147)	(19,089)

**20. GROSS AMOUNTS DUE FROM/TO CUSTOMERS (Continued)**

	Group	
	2001 RM'000	2000 RM'000
Progress billings comprise :		
Progress billings		
- received	330,581	446,570
- receivable	23,794	11,112
- retention sums	514	2,111
	354,889	459,793

There were no advances received for contract work not yet performed by the Group at the end of the financial year (2000 : RM Nil).

**21. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Gross trade receivables	380,371	300,364	-	-
Allowance for doubtful debts	(11,346)	(30,822)	-	-
	369,025	269,542	-	-
Other receivables, deposits and prepayments	96,608	79,592	6,070	15,442
Allowance for doubtful debts	(5,751)	(5,658)	(67)	(67)
	90,857	73,934	6,003	15,375
	459,882	343,476	6,003	15,375

Included in the above are amounts owing to related parties as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Gross trade receivables	5,084	5,725	-	-
Other receivables, deposits and prepayments	231	231	69	69

**22. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES**

The amounts due from/to associated companies represent trade and current accounts which are unsecured with no fixed terms of repayment.

Included in the amounts due from associated companies are RM5.322 million (2000 : RM5.521 million) and RM2.522 million (2000 : RM3.321 million) for the Group and for the Company, respectively, which bear interest at between 4% and 10% (2000 : between 4% and 10%)

### 23. DEPOSITS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits with licensed banks				
- in Malaysia	80,433	74,536	2,420	500
- outside Malaysia	180,230	170,817	-	-
Deposits with other financial institutions				
- in Malaysia	192,465	185,919	-	-
	453,128	431,272	2,420	500

### 24. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM2.988 million (2000 : RM0.006 million) maintained in Housing Development Accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

### 25. TRADE AND OTHER PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	260,343	211,581	1,064	1,247
Other payables and accruals	143,192	161,361	2,114	3,374
	403,535	372,942	3,178	4,621

Included in the above are amounts owing to related parties as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	3,421	328	161	161
Other payables and accruals	105	61	-	-

### 26. HIRE PURCHASE LIABILITIES

	Group	
	2001 RM'000	2000 RM'000
Outstanding hire purchase instalments due:		
- not later than one year	194	543
- later than one year and not later than five years	80	777
	274	1,320
Unexpired term charges	(38)	(258)
Outstanding principal amount due	236	1,062
Outstanding principal amount due not later than one year (included under current liabilities)	163	443
Outstanding principal amount due later than one year and not later than five years	73	619

### 27. SHORT TERM BORROWINGS

#### Secured:

Current portion of bank term loans (see note 30)

#### Unsecured:

Bank overdrafts

Revolving credits

Bankers' acceptance

Export credit refinancing

Bank term loan

Current portion of bank term loans (see note 30)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Secured:				
Current portion of bank term loans (see note 30)	47	152	-	-
Unsecured:				
Bank overdrafts	10,831	14,903	589	1,485
Revolving credits	168,464	207,294	22,000	89,055
Bankers' acceptance	269,908	134,253	-	-
Export credit refinancing	-	149,475	-	-
Bank term loan	7,557	-	-	-
Current portion of bank term loans (see note 30)	12,635	1,619	-	-
	469,442	507,696	22,589	90,540

The above borrowings bear interest at commercial rates which vary according to inter-bank offer or base lending rates, depending the nature and purpose of the borrowings. During the financial year, the interest rates applicable were between 2.31% and 8.40% (2000 : between 2.72% and 8.50%).

### 28. SHARE CAPITAL

#### Authorised:

Ordinary shares of RM1 each

#### Issued and fully paid:

Ordinary shares of RM1 each

At 1 January

Bonus issue of 1 for 3

At 31 December

	2001	2000	2001	2000
	No. of Shares	No. of Shares	RM'000	RM'000
Authorised:				
Ordinary shares of RM1 each	500,000,000	500,000,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	367,967,343	367,967,343	367,967	367,967
Bonus issue of 1 for 3	122,655,781	-	122,656	-
At 31 December	490,623,124	367,967,343	490,623	367,967

## 29. NON-DISTRIBUTABLE RESERVES

	Group	
	2001 RM'000	2000 RM'000
Revaluation reserve	142,399	150,090
Exchange translation reserve	23,737	25,479
Capital reserve	122,939	120,382
	<b>289,075</b>	<b>295,951</b>
Details of capital reserve are as follows:		
Share of capital reserves of associated companies	46,007	43,749
Share premium of subsidiary companies arising from shares issued to minority shareholders	55,968	55,842
Transferred from unappropriated profit arising from:		
- bonus issue of subsidiary companies	1,924	1,747
- gain from disposal of landed properties	19,040	19,044
	<b>122,939</b>	<b>120,382</b>

## 30. BANK TERM LOANS

### Secured :

Bank term loan bearing interest at 3% per annum repayable by 24 monthly instalments commencing May 2000

### Unsecured :

US-dollar denominated bank term loan bearing interest at 0.70% above Singapore Interbank Offer Rate ("SIBOR") repayable by 7 half yearly instalments commencing August 2003

Bank term loan bearing interest at 0.60% above SIBOR per annum, repayable upon demand by the bank

Bank term loan bearing interest at 1% above the lender bank's cost of fund repayable by 8 instalments commencing 31 December 2002

Bank term loan bearing interest at 0.63% above SIBOR per annum, repayable in full at the end of 3 years from the date of the first drawdown

Bank term loan bearing interest at 1.15% above BLR repayable by 14 half yearly instalments commencing October 1997

Repayments due within the next 12 months included under short term borrowings

- secured  
- unsecured  
(see note 27)

	Group	
	2001 RM'000	2000 RM'000
	47	203
	31,886	8,338
	3,800	-
	1,380	-
	5,890	-
	<b>2,430</b>	<b>3,801</b>
	45,433	12,342
	(47)	(152)
	(12,635)	(1,619)
	<b>32,751</b>	<b>10,571</b>

## 30. BANK TERM LOANS (continued)

The bank term loan amounting to RM0.047 million (2000 : RM0.203 million) is secured over certain plant and machinery of the Group with a total net book value of RM0.205 million (2000 : RM0.298 million).

## 31. DEFERRED INCOME

### Discount on acquisition of subsidiary companies

#### Cost

At 1 January

Arising from acquisitions during the year

Written off on disposals during the year

Written off on liquidation of a subsidiary company

Written off

At 31 December

### Accumulated amortisation

At 1 January

Amortisation for the year

At 31 December

### Net book value at 31 December

## 32. DEFERRED TAXATION

At 1 January

Arising from fair value adjustment following an increase in the percentage of shareholding in a subsidiary company

Reversal due to disposal of subsidiary companies

Exchange translation differences

Transfer from income statement

At 31 December

No deferred taxation has been provided on the surplus arising from the revaluation of property, plant and equipment and investment in the subsidiary company as it is not the intention of the directors to dispose of these assets.

	Group	
	2001 RM'000	2000 RM'000
	13,447	13,551
	2,233	74
	(57)	-
	(25)	-
	<b>(2,305)</b>	<b>(178)</b>
	13,293	13,447
	1,098	536
	474	562
	<b>1,572</b>	<b>1,098</b>
	11,721	12,349

	Group	
	2001 RM'000	2000 RM'000
	49,551	47,678
	4,941	-
	(93)	-
	(13)	-
	<b>2,671</b>	<b>1,873</b>
	<b>57,057</b>	<b>49,551</b>

### 32. DEFERRED TAXATION (continued)

The following timing differences exist at 31 December for which the related deferred tax benefits have not been recognised in the financial statements.

	Group	
	2001 RM'000	2000 RM'000
Unabsorbed capital and agriculture allowances	175,862	173,455
Tax losses	149,111	124,085
Excess of capital allowance claimed on property, plant and equipment over accumulated depreciation	(35,079)	(33,430)
Others	342	3,039
	290,236	267,149

Except as stated above, there were no material timing differences on which deferred taxation had not been provided (2000: Nil).

### 33. EFFECT OF CHANGES IN GROUP STRUCTURE

#### a. Effect on revaluation reserve

Effect of issue of shares pursuant to PPB Oil Palms Berhad's ESOS

	Group	
	2001 RM'000	2000 RM'000
	(388)	(590)
	122	(209)
	4,922	(2,328)
	-	981
	(541)	(740)
	4,381	(2,087)

#### b. Effect on capital reserve

Effect of issue of shares pursuant to PPB Oil Palms Berhad's ESOS

#### c. Effect on unappropriated profit

Effect of dilution of equity interest in subsidiary companies

Effect of dilution of equity interest in associated companies

Effect of issue of shares pursuant to PPB Oil Palms Berhad's ESOS

During the financial year, the Company disposed of its subsidiary company, PT Tidar Sungkai Sawit (70.0%-owned) to its 57.9%-owned subsidiary company, PPB Oil Palms Berhad. As a result of the disposal, the Group's effective equity interest in PT Tidar Sungkai Sawit was reduced from 70.0% to 40.5%.

### 33. EFFECT OF CHANGES IN GROUP STRUCTURE (continued)

The dilution of equity interest in subsidiary and associated companies in the prior year arose from :

- The disposal of Sandakan Edible Oils Sdn Bhd (100.0%-owned) and Bintulu Edible Oils Sdn Bhd (86.0%-owned) to FFM Berhad (53.8%-owned).
- The disposal of PT Healthcare Glovindo (90.0%-owned) to Chemquest Overseas Ltd (55.0%-owned).
- The disposal of Minsec Engineering Services Sdn Bhd (100.0%-owned) to Chemquest Sdn Bhd (55.0%-owned).
- The disposal of Saratok Palm Oil Mill Sdn Bhd (30.0%-owned) and Agri-Sabah Fertilizer Sdn Bhd (21.0%-owned) to PPB Oil Palms Berhad (57.9%-owned).

### 34. DIVIDENDS

Interim dividend of 10 sen less 28% income tax  
(2000: 10 sen comprising 5 sen tax exempt and 5 sen less 28% income tax)

Proposed final dividend of 10 sen less 28% income tax

	Group	
	2001 RM'000	2000 RM'000
	26,494	31,645
	-	26,494
	26,494	58,139

Subsequent to 31 December 2001, the directors recommended the payment of a final dividend of 10 sen comprising 5 sen tax exempt and 5 sen less 28% income tax amounting to RM42.194 million.

In compliance with MASB 19 - *Events After the Balance Sheet Date*, dividends declared or proposed subsequent to the financial year to which they relate are not deducted from shareholders' equity, but are only disclosed by way of notes with effect from 2001. Prior to 2001, such dividends were deducted from shareholders' equity and included as current liabilities on the balance sheet.

The new accounting treatment has been adopted prospectively from 2001. If the new accounting treatment had been adopted retrospectively, the amounts of dividends which would have been deducted from shareholders' equity would have been as follows :

*In respect of the year ended 31 December 2001*

Interim dividend of 10 sen less 28% income tax

*In respect of the year ended 31 December 2000*

Interim dividend of 10 sen comprising 5 sen tax exempt and 5 sen less 28% income tax

Final dividend of 10 sen less 28% income tax

*In respect of the year ended 31 December 1999*

Final dividend of 8 sen less 28% income tax

	Group and Company	
	2001 RM'000	2000 RM'000
	26,494	-
	-	31,645
	26,494	-
	-	21,195
	52,988	52,840

Additionally, the Group's and Company's unappropriated profit as at 31 December 2000 would have been higher by RM26.494 million and current liabilities lower by the same amount.



### 36. DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES (continued)

The effects of the disposal of the subsidiary companies on the consolidated financial results for the year and the consolidated financial position as at 31 December 2001 are as follows :

	Group	
	2001 RM'000	2000 RM'000
Income statement		
Revenue	13,255	13,801
Cost of sales	(8,839)	(9,830)
Gross profit	4,416	3,971
Other operating income	757	904
Administrative and general expenses	(1,892)	(2,080)
Profit from operations	3,281	2,795
Finance cost	(48)	(104)
Share of profit of an associated company	18	56
Profit before taxation	3,251	2,747
Taxation	(1,020)	(785)
Profit after taxation	2,231	1,962
Minority interest	(1,826)	(1,184)
Increase in Group's net profit	405	778
Balance sheet		
Non-current assets	2,524	2,806
Current assets	7,589	6,493
Non-current liabilities	(93)	(1,080)
Current liabilities	(3,763)	(3,049)
Minority interests	(4,182)	(1,132)
Group's share of net assets	2,075	4,038

There were no disposal of subsidiary companies in 2000.

### 37. LIQUIDATION OF SUBSIDIARY COMPANIES

The subsidiary companies liquidated during the financial year were Fedflour Trading (Singapore) Pte Ltd ("FTS") and Sandakan Oil Mills Sdn Bhd ("SOM").

There was no liquidation of subsidiary companies in 2000.

	Group	
	2001 RM'000	2000 RM'000
Total surplus assets and capital	8,037	-
Less :		
Cost of investment	(1,783)	-
Post-acquisition reserve previously consolidated	(2,032)	-
	4,222	-
Exchange fluctuation reserve realised upon liquidation	2,952	-
Surplus from liquidation	7,174	-

### 38. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Property, plant and equipment acquired	286,114	205,835	1,273	645
Interest expense capitalised	(6,946)	(6,054)	-	-
Depreciation capitalised	(3,775)	(1,690)	-	-
Financed via hire purchase arrangement	(343)	(1,153)	-	-
Cash paid	275,050	196,938	1,273	645

### 39. RELATED PARTIES

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

#### Transactions with subsidiary companies

	Company	
	2001 RM'000	2000 RM'000
Interest received and receivable	2,486	3,574
Interest paid and payable	2,036	5,843
Rental income	492	492
Sales of shares in subsidiary companies	13,618	9,550
Sales of shares in associated companies	-	7,631
Sales of property, plant and equipment	50	-

#### Transactions with associated companies

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sales to				
Kuok Oils & Grains Pte Ltd	2,229,861	1,183,108	-	-
Kilang Gula Felde Perlis Sdn Bhd	26,670	27,075	26,670	27,075
Konsortium Abass Sdn Bhd	-	26,158	-	-
Cipta Quantum Sdn Bhd	-	11,250	-	-
PKAS Jaya Sdn Bhd	163	194	-	-
Lahad Datu Edible Oils Sdn Bhd	15,132	121	-	-

**39. RELATED PARTIES (continued)**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest received from				
Vita Tenggara Fruit Industries Sdn Bhd	111	108	111	108
Saratok Palm Oil Mill Sdn Bhd	79	11	79	11
Worldwide Landfills Sdn Bhd	111	120	-	-
Techno Indah Sdn Bhd	62	-	-	-
Management fee received from				
Ancom-Chemquest Terminals Sdn Bhd ("Ancom-Chemquest")	130	91	-	-
Cipta Quantum Sdn Bhd	-	135	-	-
Federation Theatres Sdn Bhd	44	44	-	-
Graceville Sdn Bhd	59	144	-	-
Kian Min Realty Sdn Bhd	-	120	-	-
Konsortium Abass Sdn Bhd	2,180	-	-	-
Sitamas Environmental Systems Sdn Bhd	378	-	-	-
Rental of premises received from				
Agri-Sabah Fertilizer Sdn Bhd	3	3	3	3
Kerry Leisure Concepts Sdn Bhd	212	212	-	-
Commission received from				
Federation Theatres Sdn Bhd	28	34	-	-
Graceville Sdn Bhd	23	72	-	-
Kuok Oils & Grains Pte Ltd	-	32	-	-
Registration fees received from				
Kerry Leisure Concepts Sdn Bhd	4	4	-	-
Film rental received from				
Federation Theatres Sdn Bhd	19	72	-	-
Graceville Sdn Bhd	24	101	-	-
Purchases from				
Agri-Sabah Fertilizer Sdn Bhd	11,337	9,452	-	-
Kuok Oils & Grains Pte Ltd	246,279	324,041	-	-
Lahad Datu Edible Oils Sdn Bhd	183,940	8,390	-	-

3.60

**39. RELATED PARTIES (continued)**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Rental of premises paid to				
Ancom-Chemquest	120	132	-	-
Kian Min Realty Sdn Bhd	540	1,024	163	326
Shaw Brothers (M) Sdn Bhd	-	772	-	-
Lease rental paid to				
Ancom-Chemquest	224	227	-	-
Purchase of property, plant and equipment from				
Graceville Sdn Bhd	60	31	-	-
Kuok Oils & Grains Pte Ltd	-	478	-	-
Assignment of trademark to				
Kuok Oils & Grains Pte Ltd	500	-	-	-
Commission paid to				
Kuok Oils & Grains Pte Ltd	-	37	-	-
Filmlet income payable to				
Federation Theatres Sdn Bhd	59	25	-	-
Graceville Sdn Bhd	16	7	-	-
<b>Transaction with an associated company disposed of in 2000</b>				
Rental received from RA-PPB (Tops) Retail Sdn Bhd	-	621	-	-

3.61

**39. RELATED PARTIES (continued)**

Non-trade balances with associated companies as at 31 December 2001 were as follows :

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Balance of advances owing by:</b>				
Agri-Sabah Fertilizer Sdn Bhd	1	1	1	1
Federation Theatres Sdn Bhd	32	39	-	-
Graceville Sdn Bhd	-	176	-	-
Kerry Leisure Concepts Sdn Bhd	1	-	1	-
Kian Min Realty Sdn Bhd	-	46	-	46
Konsortium Abass Sdn Bhd	-	2,287	-	-
Kuok Oils & Grains Pte Ltd	500	8	-	-
Ladang Sejahtera Sdn Bhd	-	1	-	-
Saratok Palm Oil Mill Sdn Bhd	-	1,502	-	1,502
Techno Indah Sdn Bhd	1,911	1,238	-	-
Vita Tenggara Fruit Industries Sdn Bhd	2,522	2,411	2,522	2,411
Wisma Perak Sdn Bhd	1,070	1,070	-	-
Worldwide Landfills Sdn Bhd	1,111	1,320	-	-
<b>Balance of advances owing to:</b>				
Golden Screen Film Distribution Co. Sdn Bhd	190	190	-	-
Kilang Gula Felda Perlis Sdn Bhd	35	43	35	43
Kian Min Realty Sdn Bhd	-	9	-	9
Lahad Datu Edible Oils Sdn Bhd	400	400	-	-
Primium Khas Sdn Bhd	3	2	-	-
<b>Transactions with jointly controlled entities</b>				
Booking commission received - Selangor Amusement Co.	7	7	-	-
Booking commission received - Odeon Cineplex Central Square JV	24	24	-	-
Progress billings to Cipta Quantum - Chemical Waste Management JV	2,544	15,000	-	-
Progress billings to Zufar Water Services- Chemical Waste Management	91,853	52,315	-	-
<b>Transactions with Kuok Brothers Sdn Bhd , a substantial shareholder of the Company</b>				
Interest paid	-	132	-	-
Management fee paid	108	117	-	-

**39. RELATED PARTIES (continued)**

**Transactions with associated companies of Kuok Brothers Sdn Bhd**

	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Management fees received from Jerneh Insurance Berhad	8	-	-	-
Registration fees received from Jerneh Asia Berhad	16	20	-	-
Registration fees received from Pelangi Berhad	26	19	-	-
Insurance premium paid to Jerneh Insurance Berhad	10,267	9,261	221	39
Rental of premises paid to Jerneh Insurance Berhad	492	-	137	-
Rental of premises paid to Pelangi Berhad	1,466	3,622	-	-

**Transactions with a company in which a director of PPB Group Berhad,  
Kuok Khoon Ean (since resigned) has financial interest**

	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sales to Kerry Foodstuff Company Ltd	9,568	8,852	-	-
Sales to Hoe Seng (Mersing) Sdn Bhd	9,358	-	-	-
Sales to NewQuest Trading Pte Ltd	22,230	-	-	-
Sales to Min Tien (Co) Sdn Bhd	17,743	-	-	-
Purchases from Kerry Foodstuff Company Ltd	283,154	184,509	-	-
Purchases from Pengedar Bahan Pertanian Sdn Bhd	1,655	1,927	1,655	1,927

**Transaction with a company in which certain directors  
of PPB Group Berhad, Kuok Khoon Ean (since resigned) and  
Dato' Lim Chee Wah have financial interest**

Sales to Kuok (Singapore) Ltd	-	22,389	-	-
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**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	476	919	-	-
Agromac (M) Sdn Bhd	374	157	-	-

**Transaction with a corporate shareholder of Cipta Wawasan  
Engineering Sdn Bhd**

Management fee paid to Raya Aspirasi Sdn Bhd	186	372	-	-
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**Transaction with a corporate shareholder of Reka Halus Sdn Bhd**

Purchases from Ladang Sabah Sdn Bhd	-	312	-	-
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The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Transactions with associated companies of Kuok Brothers Sdn Bhd</b>				
Management fees received from Jerneh Insurance Berhad	8	-	-	-
Registration fees received from Jerneh Asia Berhad	16	20	-	-
Registration fees received from Pelangi Berhad	26	19	-	-
Insurance premium paid to Jerneh Insurance Berhad	10,267	9,261	221	39
Rental of premises paid to Jerneh Insurance Berhad	492	-	137	-
Rental of premises paid to Pelangi Berhad	1,466	3,622	-	-
<b>Transactions with a company in which a director of PPB Group Berhad, Kuok Khoon Ean (since resigned) has financial interest</b>				
Sales to Kerry Foodstuff Company Ltd	9,568	8,852	-	-
Sales to Hoe Seng (Mersing) Sdn Bhd	9,358	-	-	-
Sales to NewQuest Trading Pte Ltd	22,230	-	-	-
Sales to Min Tien (Co) Sdn Bhd	17,743	-	-	-
Purchases from Kerry Foodstuff Company Ltd	283,154	184,509	-	-
Purchases from Pengedar Bahan Pertanian Sdn Bhd	1,655	1,927	1,655	1,927
<b>Transaction with a company in which certain directors of PPB Group Berhad, Kuok Khoon Ean (since resigned) and Dato' Lim Chee Wah have financial interest</b>				
Sales to Kuok (Singapore) Ltd	-	22,389	-	-
<b>Transactions with companies in which a director of PPB Oil Palms Berhad, Dr. Ng Siew Kee has financial interest</b>				
Purchases from Agrocom Enterprise Sdn Bhd	476	919	-	-
Agromac (M) Sdn Bhd	374	157	-	-
<b>Transaction with a corporate shareholder of Cipta Wawasan Engineering Sdn Bhd</b>				
Management fee paid to Raya Aspirasi Sdn Bhd	186	372	-	-
<b>Transaction with a corporate shareholder of Reka Halus Sdn Bhd</b>				
Purchases from Ladang Sabah Sdn Bhd	-	312	-	-

#### 40. EMPLOYEE INFORMATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs	242,004	224,534	9,937	10,289

The number of employees (including executive directors) as at 31 December 2001 was 15,110 (2000: 15,343) for the Group and 382 (2000: 381) for the Company.

#### 41. CONTINGENT LIABILITIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unsecured guarantees issued in consideration of credit facilities given to associated companies	23,800	14,800	2,550	2,550
Claim for compensation for early termination of tenancy agreement by a subsidiary company	-	3,029	-	-
Indemnity given to a licensed offshore bank for an irrevocable standby letter of credit issued in consideration of credit facilities granted to a subsidiary company	-	-	-	41,800
	23,800	17,829	2,550	44,350

In addition to the above, on 14 July 2000, a legal suit was filed in the High Court of Sabah and Sarawak at Sandakan against the Government of the State of Sabah challenging the alienation by the Sabah State Government to two of the Company's subsidiaries, namely, 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 said lands). The said lands form part of a total area 25,784 acres (10,434 hectares) alienated to Hibumas and Penumilek, who were named as the Second and Third Defendants, respectively.

Hibumas and Penumilek have sought legal advice and had on 12 September 2000 filed an application to strike out the plaintiff's suit ("the Application"). The Court which had fixed the hearing of the Application on 9-11 July 2001, has postponed the said hearing and set down the suit for further mention on 7 March 2002. The Directors are of the opinion that the suit is without merit.

#### 42. COMMITMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	47,753	68,253	-	11,483
- not contracted	205,366	171,782	619	467
Operating lease and other commitments				
- within 12 months	636	788	-	-
- after 1 year but within 5 years	2,774	1,163	-	-
- over 5 years	-	175	-	-
Uncalled portion of share capital in a subsidiary company	-	-	5,390	11,165
	256,529	242,161	6,009	23,115

#### 43. SUBSEQUENT EVENT

- On 9 November 2001, a subsidiary company, namely Reefton Sdn Bhd entered into a memorandum of agreement to sell MV Alam Aman to Bloster Shipping Company Ltd for a total consideration of USD2,500,000 (equivalent to RM9,500,000). Pursuant to the memorandum of agreement, Reefton Sdn Bhd delivered the vessel to Bloster Shipping Company Ltd on 18 January 2002 and ceased its shipping operations thereafter.
- Subsequent to the financial year end, a subsidiary company, namely Chemquest Waste Management Sdn Bhd ("CWM") entered into a conditional subscription agreement with an associated company, Konsortium Abass Sdn Bhd ("KASB") to subscribe for up to 5,562,500 redeemable cumulative preference shares of RM0.01 each in KASB at an issue price of RM1.00 each in the event of a default by KASB in the repayment of its bank loan.

**44. SEGMENTAL INFORMATION**

Analysis by activity	Revenue			Profit before taxation RM'000	Total Assets employed RM'000
	External customers RM'000	Inter segment RM'000	Total RM'000		
<b>2001</b>					
Foods	5,437,448	-	5,437,448	189,025	1,829,118
Plantations	77,741	200,142	277,883	34,468	1,338,511
Manufacturing and services	278,159	34,798	312,957	12,593	330,503
Commodity trading	2,556,666	-	2,556,666	40,248	201,108
Shipping	64,125	-	64,125	20,029	251,333
Entertainment, property and retailing	103,029	-	103,029	(431)	469,903
Hotels	17,731	-	17,731	2,430	64,207
Others	178,280	428	178,708	23,204	721,104
	<b>8,713,179</b>	<b>235,368</b>	<b>8,948,547</b>	<b>321,566</b>	<b>5,205,787</b>
Less : Inter segment sales			(235,368)	-	-
Group's share of associated companies' revenue			(3,084,086)	-	-
			<b>5,629,093</b>	<b>321,566</b>	<b>5,205,787</b>
<b>% of Contribution</b>			<b>%</b>	<b>%</b>	<b>%</b>
Foods			60.75	58.78	35.14
Plantations			3.11	10.72	25.71
Manufacturing and services			3.50	3.92	6.35
Commodity trading			28.57	12.52	3.86
Shipping			0.72	6.23	4.83
Entertainment, property and retailing			1.15	(0.13)	9.03
Hotels			0.20	0.75	1.23
Others			2.00	7.21	13.85
			<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

3.66

**44. SEGMENTAL INFORMATION (continued)**

Analysis by activity	Revenue			Profit before taxation RM'000	Total Assets employed RM'000
	External customers RM'000	Inter segment RM'000	Total RM'000		
<b>2000</b>					
Foods	5,092,370	-	5,092,370	210,832	1,726,179
Plantations	55,133	199,073	254,206	16,891	1,254,281
Manufacturing and services	307,691	34,352	342,043	20,028	319,394
Commodity trading	2,490,209	-	2,490,209	16,097	236,181
Shipping	47,434	19,819	67,253	31,999	173,856
Entertainment, property and retailing	156,615	-	156,615	36,796	510,581
Hotels	21,453	-	21,453	4,172	62,080
Others	197,540	907	198,447	72,040	676,243
	<b>8,368,445</b>	<b>254,151</b>	<b>8,622,596</b>	<b>408,855</b>	<b>4,958,795</b>
Less : Inter segment sales			(254,151)	-	-
Group's share of associated companies' revenue			(3,128,157)	-	-
			<b>5,240,288</b>	<b>408,855</b>	<b>4,958,795</b>
<b>% of Contribution</b>			<b>%</b>	<b>%</b>	<b>%</b>
Foods			59.05	51.56	34.81
Plantations			2.95	4.13	25.29
Manufacturing and services			3.97	4.90	6.44
Commodity trading			28.88	3.94	4.76
Shipping			0.78	7.83	3.51
Entertainment, property and retailing			1.82	9.00	10.30
Hotels			0.25	1.02	1.25
Others			2.30	17.62	13.64
			<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

3.67

No geographical analysis has been prepared as the Group's business interests are predominantly located in Malaysia.

All inter-segment transactions have been carried out in the normal course of business and have been established under negotiated terms.

#### 45. CHANGES IN ACCOUNTING POLICIES

(a) Accounting for investment in jointly controlled entities

In prior years, the Group accounted for the results of jointly controlled entities using the proportionate consolidation method of accounting. During the current financial year, the Group adopted the accounting policy set out in note 2(e) above in compliance with MASB 16 - Financial Reporting of Interest in Joint Ventures.

In order to effect a proper comparison with the current year's presentation using the new accounting policy, the comparative figures have been restated as follows :

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
<b>INCOME STATEMENT</b>			
Revenue	5,271,390	(31,102)	5,240,288
Cost of sales	4,663,197	(31,041)	4,632,156
Administrative expenses	126,602	(10)	126,592
Net profit from investing activities	111,070	(17)	111,053
Share of jointly controlled entities' profits less losses	-	54	54
Finance costs	19,739	(14)	19,725
Taxation - Group	77,425	(20)	77,405
- Share of taxation of jointly controlled entities	-	20	20
<b>BALANCE SHEET</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,215,986	(40)	2,215,946
Investment in jointly controlled entities	-	663	663
Other investments	259,719	(651)	259,068
<b>CURRENT ASSETS</b>			
Trade and other receivables	374,090	(30,614)	343,476
Amount due from associated companies	326,534	(19,754)	306,780
Amount due from jointly controlled entities	-	39,596	39,596
Deposits	432,372	(1,100)	431,272
Cash and bank balances	49,605	(121)	49,484
<b>CURRENT LIABILITIES</b>			
Gross amount due to customers	26,160	(3,935)	22,225
Trade and other payables	381,020	(8,078)	372,942
Hire purchase liabilities	447	(4)	443
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase liabilities	623	(4)	619

This change in accounting policy has had no effect on the Company's financial statements.

#### 45. CHANGES IN ACCOUNTING POLICIES (continued)

(b) Dividend income recognition

In prior years, dividends from subsidiary companies and associated companies were recognised in the income statement as and when declared or proposed. With effect from the current financial year, all dividends are recognised in the income statement when the right to receive payment is established, as indicated in note 2(l)(iv) above.

This new accounting treatment has been adopted prospectively commencing from the current financial year. If the new accounting treatment had been adopted retrospectively, the Company's results and changes in unappropriated profit for the year ended 31 December 2001 and its restated results and changes in unappropriated profit for the year ended 31 December 2000 would have been as follows:

	2001 RM'000	2000 RM'000
<b>RESULTS</b>		
Loss from operations	(2,277)	(1,911)
Net profit from investing activities	272,129	157,412
Finance costs	(5,431)	(11,222)
Profit before taxation	264,421	144,279
Taxation	(53,791)	(40,600)
Net profit for the year	210,630	103,679
<b>CHANGES IN UNAPPROPRIATED PROFIT</b>		
At beginning of the year		
As previously stated	779,667	720,678
Prior year adjustment	(70,721)	(57,272)
As restated	708,946	663,406
Net profit for the year	210,630	103,679
Dividends	(26,494)	(58,139)
At end of the year	893,082	708,946
The new accounting treatment has had no effect on the Group's financial statements.		

#### 46. SUBSIDIARY COMPANIES

The subsidiary companies as at 31 December 2001 were as follows :-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001 %	2000 %		
<b>Malayan Sugar Manufacturing Company Bhd</b>	100.0	100.0	Malaysia	Sugar refining and investment holding
Astakonas Sdn Bhd	100.0	100.0	Malaysia	Transportation
Masuma Trading Co Ltd	100.0	100.0 *	Hong Kong	Investment holding
Quintrine Company Ltd	100.0	100.0 *	Hong Kong	Investment holding
Stenmark Investment Inc	100.0	100.0 *	Liberia	Dormant
Banqua Limited	100.0	100.0 *	British Virgin Islands	Investment holding
MSM Properties Sdn Bhd	100.0	100.0	Malaysia	Dormant
<b>FFM Berhad</b>	53.8	53.8	Malaysia	Investment holding, flour milling, animal feed manufacturing and marketing and trading of wheat, maize and soya beans
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	76.0	76.0	Malaysia	Ceased operations in 2000
FFM Feedmills (Sarawak) Sdn Bhd	75.0	75.0 *	Malaysia	Manufacturing and trading of animal feed
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	Commodity trading
Fedflour Trading (Singapore) Pte Ltd	-	100.0 *	Singapore	Under members' voluntary liquidation
Stock & Trade Ltd	100.0	100.0 *	British Virgin Islands	Investment holding
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
Reefton Sdn Bhd	100.0	100.0	Malaysia	Shipping
Katella Sdn Bhd	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
Johor Bahru Feedmill & Trading Sdn Bhd	100.0	100.0	Malaysia	Dormant
Affluence Trading Sdn Bhd	100.0	100.0 *	Malaysia	Dormant
FFM Flour Mills (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Flour milling
Vietnam Flour Mills Ltd	52.5	52.5 *	Socialist Republic of Vietnam	Flour milling
Tego Sdn Bhd	79.9	79.9	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

#### 46. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001 %	2000 %		
<b>PGEO Group Sdn Bhd</b> <i>(formerly known as Struktur Idaman Sdn Bhd)</i>	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 soya bean oils, soya bean meal, palm oil products and maize, and manufacturing of steel drums
Fedruns 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	Manufacturing and marketing of edible oils
Bintulu Edible Oils Sdn Bhd	86.0	86.0 *	Malaysia	Manufacturing and marketing of edible oils
<b>Narwa Sdn Bhd</b>	66.6	66.6 *	Malaysia	Manufacturing of plastic containers and distribution and marketing of edible oils and consumer products
<b>Savers Retail Sdn Bhd</b>	100.0	100.0	Malaysia	Ceased operations in 2000
<b>PPB Hartabina Sdn Bhd</b>	100.0	100.0 *	Malaysia	Property development and property investment
<b>Kembang Developments Sdn Bhd</b>	100.0	100.0	Malaysia	Rental of landed properties
<b>Minsec Properties Bhd</b>	100.0	100.0	Malaysia	Property development
Minsec Management Services Company Ltd	100.0	100.0 *	Hong Kong	Dormant
<b>Ampang Leisuremall Sdn Bhd</b>	55.0	55.0	Malaysia	Property development
<b>PPB Leisure Holdings Sdn Bhd</b>	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Exhibition of cinematograph films
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Renting of properties
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Renting of properties
Film Allied Services Sdn Bhd	100.0	100.0	Malaysia	Provision of subtitling services of cinematograph films
Leisure Bowl Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding and provision of management services
Leisure Bowl Centres Sdn Bhd	100.0	100.0	Malaysia	Provision of recreational facilities for bowling and sales and rental of related equipment
Leisure Bowl (JB) Sdn Bhd	60.0	60.0	Malaysia	Provision of recreational facilities for bowling and sales and rental of related equipment
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
<b>South Island Mining Company Sdn Bhd</b>	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

**46. SUBSIDIARY COMPANIES (continued)**

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001	2000		
	%	%		
<b>PPB Oil Palms Berhad</b>	58.7	57.9 *	Malaysia	Investment holding
Sapi Plantations Sdn Bhd	100.0	100.0 *	Malaysia	Oil palm cultivation and milling of fresh fruit bunches
Kiabau Plantations Sdn Bhd	100.0	100.0 *	Malaysia	Oil palm cultivation
Suai Plantations Sdn Bhd	100.0	100.0 *	Malaysia	Oil palm cultivation
Saremas Sdn Bhd	100.0	100.0 *	Malaysia	Oil palm cultivation and milling of fresh fruit bunches
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 milling of fresh fruit bunches
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	89.9	89.9 *	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	Dormant
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 milling of fresh fruit bunches
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	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	70.0 *	Indonesia	Oil palm cultivation
<b>PPB Corporate Services Sdn Bhd</b>	100.0	100.0	Malaysia	Corporate and share registration services
<b>Hexarich Sdn Bhd</b>	100.0	100.0	Malaysia	Investment holding
<b>Chemquest Sdn Bhd</b>	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 toiletries requisites, household and chemical products
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	60.0	Malaysia	Builders and contractors for general engineering and construction works

**46. SUBSIDIARY COMPANIES (continued)**

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001	2000		
	%	%		
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	Provision of management services
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacture and marketing of "Phenaset 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 Adhesive & Chemicals Sdn Bhd	52.0	52.0	Malaysia	Manufacturing and trading in adhesives, resins, additives and formaldehyde and investment holding
Otto Enviromental Systems (Asia) Pte Ltd	100.0	100.0 *	Singapore	Marketing and distribution and trading of environmental systems
Chemquest International Pte Ltd	100.0	100.0 *	Singapore	Provision of waste management and investment holding
Garbagemaster Pte Ltd	100.0	100.0 *	Singapore	Collection, storage and disposal of wastes
Sita Environmental Services Sdn Bhd	50.1	50.1 *	Malaysia	Investment holding
Solar Status Sdn Bhd	100.0	100.0 *	Malaysia	Investment holding
AWS Jaya Sdn Bhd	-	80.0 *	Malaysia	Contractors for garbage collection and servicing of motor vehicles
AWS Jaya (Kedah-Perlis) Sdn Bhd	-	100.0 *	Malaysia	Contractors for garbage and sewage collection and car park operator
AWS Jaya (Johor) Sdn Bhd	80.0	80.0 *	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
SP Maju Sdn Bhd	-	50.0 *	Malaysia	Contractors for garbage collection
AWS Jaya (Perak) Sdn Bhd	-	100.0 *	Malaysia	Dormant
Conwaste Disposal Services (P. Pinang) Sdn Bhd	-	100.0 *	Malaysia	Contractors for garbage and sewage collection
Minsec Engineering Services Sdn Bhd	100.0	100.0	Malaysia	Provision of engineering services
Tri-Electro Sdn Bhd	76.0	76.0	Malaysia	Supply of electrical and mechanical equipment
PT Healthcare Glovindo	100.0	100.0 *	Indonesia	Manufacturing and trading in gloves
PT Glovindo Lampung	100.0	100.0 *	Indonesia	Ceased operation since October 1999
Quantum Plastics Industries Pte Ltd	100.0	- *	Singapore	Engineering, manufacturing, facility designing and construction management of waste disposal equipment

\* Subsidiary companies not audited by Moores Rowland

#### 47. ASSOCIATED COMPANIES

The associated companies as at 31 December 2001 were as follows :-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001 %	2000 %		
Kilang Gula Felda Perlis Sdn Bhd	50.0	50.0	Malaysia	Cane milling and sugar refining
Pantai Dalit Beach Resort Sdn Bhd	25.0	25.0	Malaysia	Hotel operator
Tanjong Aru Hotel Sdn Bhd	20.0	20.0	Malaysia	Hotel operator
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
Kian Min Realty Sdn Bhd	-	50.0	Malaysia	Under member's voluntary liquidation during the financial year
Malaysian Bulk Carriers Sdn Bhd	20.0	20.0	Malaysia	Investment holding and shipping
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	Commodity trading
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.2	49.2	Malaysia	Investment holding
Golden Screen Film Distribution Co Sdn Bhd	50.0	50.0	Malaysia	Dormant
Graceville Sdn Bhd	-	50.0	Malaysia	Ceased operation during the financial year
Primium Khas Sdn Bhd	50.0	50.0	Malaysia	Dormant
Federation Theatres Sdn Bhd	40.0	40.0	Malaysia	Exhibition of cinematograph films
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centers
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
Agri-Sabah Fertilizer Sdn Bhd	22.7	22.7	Malaysia	Manufacturing of fertilizers
Ancom-Chemquest Terminals Sdn Bhd	25.0	25.0	Malaysia	Building, mining, operating, leasing and managing a chemical tank farm and warehouse
Sitamas Environmental Systems Sdn Bhd	49.0	49.0	Malaysia	Provision of disposal services
Techno Indah Sdn Bhd	40.0	40.0	Malaysia	Sludge disposal management
Rentak Murni Sdn Bhd	40.0	40.0	Malaysia	Dormant
Cipta Quantum Sdn Bhd	30.0	30.0	Malaysia	Trading in equipment and services in waste management
Worldwide Landfills Sdn Bhd	40.0	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
Kerry-Chemquest (Benxi) Water Co Ltd	50.0	50.0	Samoa	Dormant
Konsortium Abass Sdn Bhd	25.0	25.0	Malaysia	Operation and management of water treatment plant
PKAS Jaya Sdn Bhd	-	49.0	Malaysia	Cleaning and landscaping contractor and car park operator

3.74

#### 48. JOINTLY CONTROLLED ENTITIES

Companies	Group's equity interest		Country of incorporation	Principal activities
	2001 %	2000 %		
Cipta Quantum - Chemical Waste Management JV	25.0	25.0	Malaysia	Mechanical and electrical works
Zufar Waste Services - Chemical Waste Management JV	50.0	50.0	Malaysia	Civil, mechanical and electrical works
Selangor Amusement Co	50.0	50.0	Malaysia	Operator of Coliseum Cinema
Odeon Cineplex Central Square	50.0	50.0	Malaysia	Operator of Odeon Cineplex

3.75

## Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' ABDUL JABID BIN MOHD DON 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 3.16 to 3.75 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 2001 and of their results and cash flows for the year ended on that date.

On behalf of the Board

**Dato' Abdul Jabid bin Mohd Don**  
Director

**Dato' Sri Liang Kim Bang**  
Director

Kuala Lumpur  
28 February 2002

## Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, LEONG CHOY YING, being the Officer 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 3.16 to 3.75 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**  
Finance Controller

Subscribed and solemnly declared by the  
abovenamed Leong Choy Ying  
at Kuala Lumpur in the  
Federal Territory this 28th day of February 2002

Before me,

**Soh Ah Kau**  
Commissioner for Oaths  
Malaysia

## Auditors' Report

We have audited the financial statements of the Group and of the Company set out on pages 3.16 to 3.75. 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 2001 and of their results and cash flows for the year ended on that date;
  - (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 46 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

Kuala Lumpur  
28 February 2002

**TANG KIN KHEONG**  
(Partner)  
No. 1501/9/03 (J/PH)

Properties owned by PPB Group Berhad  
and its Subsidiaries 4.2  
Statement of Shareholdings 4.10



# 4

## The Properties & Shareholdings

**pull**  
to strengthen



Pulled together by a common goal, we are strengthened by our united commitment to achieving our Group's vision.

## Properties Owned by PPB GROUP BERHAD AND ITS SUBSIDIARIES

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Perlis</b> PN 37, Kampung Baru, Chuping PN 39, Bukit Merah, Chuping PN 40, Store Chia, Chuping PN 41, Padang Hang Chik Wa, Chuping PN 42, Padang Mayat, Chuping PN 43, Air Hujan, Chuping HS (D) 4455, Air Timbul Jerneh, Chuping HS (D) 145, Chuping HS (D) 194, Rimba Mas-Mas, Chuping	Sugar cane plantation	1.11.1980	-	5,851 hectares	Leasehold	2061 & 2063	18,694
HS (D) 2587, Bilal Udoh, Chuping	Sugar cane experimental station	2.8.1982	32	13 hectares	Leasehold	2072	
HS (D) 2483, Wang Bintong, Kangar	Vacant land	10.5.1969	-	6,070 sq metres	Freehold	-	41
<b>State of Penang</b> Lot Nos 31, 333-339, 342, 343, 435 & 438, Section 15, City of Georgetown	Land for property development	30.9.1976	-	2 hectares	Freehold	-	3,910
Lot 256/1 (923), 257, 258, 260, 283 & 554, Tanah Aman, Bukit Tengah, Mukim 11, Province Wellesley Central	Staff housing	30.9.1976	35 to 38	12 hectares	Freehold	-	1,156
798, Main Road, Prai, Province Wellesley	Sugar refinery	30.9.1976	38	8 hectares	Leasehold	2028 & 2054	14,271
Plots 352-355 & 362-364 Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory and office building	28.4.1989	25	24,922 sq metres	Leasehold	2035 & 2043	1,683
Plot 99(1), Plot 100(1) & Plot 571, MK1, Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory, warehouse & office building	25.11.1982	19	35,889 sq metres	Leasehold	2042, 2049 & 2050	8,372
Odeon Penang No. 130, Penang Road, 10000 Penang	Cinema (closed) Cinema carpark	16.4.1990	55 -	1,084 sq metres 281 sq metres	Freehold Leasehold	- 2038	595 203
Dalit Cinema Kompleks Tun Abdul Razak Lebuh Tek Soon, 10000 Penang	Cinema	16.4.1990	21	3,332 sq metres	Leasehold	2080	6,424
Cathay Bukit Mertajam No.14, Jln Aston, 14000 Bukit Mertajam	Cinema (closed) Cinema carpark Cinema carpark	16.4.1990	46 - -	1,092 sq metres 282 sq metres 166 sq metres	Freehold Freehold Leasehold	- - 2054	557 - 165

## Properties Owned by PPB GROUP BERHAD AND ITS SUBSIDIARIES

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Penang</b> No. 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B, 22C, Beach Street, 10300 Penang	2 storey shophouses (vacant)	31.3.1981	> 50	2,526 sq metres	Freehold	-	2,557
No. 2 & 4, Church Street, 10300 Penang	2 storey shophouses (vacant)						
<b>State of Kedah</b> Cathay Alor Setar No.1, Jln Limbong Kapal 05000 Alor Setar	Cinema (closed)	16.4.1990	46	3,901 sq metres	Freehold	-	1,623
Cathay Sungai Petani No.11, Jln Bank, 08000 Sg. Petani	Cinema (closed)	16.4.1990	>50	830 sq metres	Freehold	-	563
31 Jln Kampung Baru, Sg Petani, 08000 Kedah	Land for property development	7.11.1991	-	11,339 sq metres	Freehold	-	4,556
Lot 28, 57, 65, 1011, 1128, 1122-1124, 1137, 1139, 1142, 1010, 1273, 1242, 1279, 1292, 573, 1289, 1290, 1664 & 1665 Mukim Semeling, Daerah Kuala Muda	Rubber estate	13.4.1981	-	224 hectares	Freehold	-	17,814
Lot 48, 1721, 1720, 1724, 98, 144, 199, 200, 202, 204, 205, 209, 210 & 213, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	484 hectares	Freehold	-	
Lots 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh, Gurun	Poultry breeder farm & vacant agricultural land	21.2.1995	5	103 hectares	Freehold	-	15,784
<b>State of Kelantan</b> Lot 29, Kawasan MIEL, Kampung Lundang, Jln Pasir Putih, Kota Bharu	Office building & warehouse	29.7.1992	8	1,730 sq metres	Leasehold	2077	537
<b>Wilayah Persekutuan</b> LA 79200014, Layang Layang Town, Labuan	Disused cinema	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,947
Sungei Wang Cinema, Tingkat Dua, Sungei Wang Plaza, 55100 Kuala Lumpur	Cinemas (closed)	16.4.1990	24	6,187 sq metres	Freehold	-	14,441
Lot 2883/ 85/ 86 / 88/ 89/ 90, 2893-2909, 2916-2939, 2912-2914, 39727-39729 Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	24 hectares	Freehold	-	80,063

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>Wilayah Persekutuan</b> Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	7 1/2	21,225 sq metres	Leasehold	2077 & 2080	56,817
No.11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	15	9,225 sq metres	Leasehold	2077 & 2080	11,822
Lot 82, 264, 265 & 11276 M01, Ampang, Jln Ampang	Land for property development	27.8.1990	-	17,844 sq metres	Freehold	-	72,470
<b>State of Sarawak</b> Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984	18	6,810 sq metres	Leasehold	2040	3,643
Lot 505, Muara Tebas Land District, Kuching	Vacant industrial land	6.12.1999	-	21,350 sq metres	Leasehold	2059	1,149
Lot 188, 190 & 191 Block 71 Kuching Central Land	Clonal palm laboratory	30.11.2001	1/2	4,532 sq metres	Leasehold	2924	1,840
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Cinema (closed)	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	551
Cathay Sibul, C.D.T, No.6, Raminway, 96007 Sibul	Cinema (closed)	16.4.1990	42	1,486 sq metres	Leasehold	2016	672
Lot 57, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	1	2,284 hectares	Leasehold	2056	141,275
Lot 49, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	10	9,895 hectares	Leasehold	2045	
Lot 1, Sawai Land, Suai	Oil palm plantation	31.5.1997	-	5,674 hectares	Leasehold	2043	56,400
Lot 1, Block 39, Sawai Land, Miri	Oil palm plantation	31.5.1997	-	4,727 hectares	Leasehold	2053	44,055
Lot 1, Block 42, Sawai Land, Suai	Oil palm plantation	31.5.1997	-	3,988 hectares	Leasehold	2054	43,585
Lot 4, Block 1 Kemena Land	Oil palm plantation	5.4.1997	-	2,420 hectares	Leasehold	2054	28,022
Port 663, Block 20 Kemena Land District, Tanjong Kidurong, Bintulu	Palm kernel crushing plant & building	31.5.1997	4	16,349 sq metres	Leasehold	2056	3,535
Lot 9, Block 20 Kemena Land District of Bintulu	Factory building	31.5.1997	10	26,305 sq metres	Leasehold	2016	2,090
Lot 3773, Bk 31 Kemena Land District, Taman Seaview Jalan, Tg. Batu, Bintulu	4-storey office building	5.7.1995	7	173 sq metres	Leasehold	2024	706

4.4

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Sabah</b> Nos 1 & 3, Tanjung Lipat, Kota Kinabalu	Office building & warehouse	17.12.1984	36	1,231 sq metres	Leasehold	2025	892
51/2 mile, Jln Tuaran, Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	9	10,927 sq metres	Leasehold	2032	5,727
Cathay Kota Kinabalu No.51, Jln Pantai, 88801 Kota Kinabalu	Cinema (closed)	16.4.1990	43	1,394 sq metres	Leasehold	2058	1,487
BFO Building, Jln Tunku Abd Rahman/ Jln Laiman Diki, 88996 Kota Kinabalu	Office building	21.11.1995	21	8,741 sq metres	Leasehold	2074	12,773
CL 075149325, Karamunting Land, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	2,256
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Cinema (closed)	16.4.1990	44	1,282 sq metres	Leasehold	2053	1,005
Lot 2777, TL 077508788, Lrg Gardenia & 60M North of KM 24 Jln Utara, Sandakan	Land for development	16.4.1990	-	845 sq metres	Leasehold	2061	311
CL 085319946, Labuk-Sugut, Sg. Sapi	Palm oil mill & ancillary building	31.5.1997	2 to 13	23 hectares	Leasehold	2086	239,948
CL 08532201, Labuk-Sugut, Sg. Sapi	Oil palm plantation	31.5.1997	-	3,716 hectares	Leasehold	2086	
CL 085322194, Labuk-Sugut, Sg. Sapi	Oil palm plantation	31.5.1997	-	3,145 hectares	Leasehold	2086	
CL 085322854, Labuk-Sugut, Sg. Kibut	Oil palm plantation, palm oil mill & ancillary buildings	31.5.1997	2 to 6	6,355 hectares	Leasehold	2088	
CL 085208359, Labuk-Sugut, Beluran	Oil palm plantation	31.5.1997	-	972 hectares	Leasehold	2062	
PT 95092077, PT 95082360, Sg. Sugut, Beluran	Oil palm plantation	18.9.1998	-	10,435 hectares	Leasehold	2096	52,101
CL 085320672, Labuk-Sugut, Sg. Sugut, Beluran	Oil palm plantation	18.9.1998	-	404 hectares	Leasehold	2087	113
TL 077533754, District of Sandakan	Factory building	31.5.1997	6 to 24	64,952 sq metres	Leasehold	2037	15,071
TL 077530066, District of Sandakan	Palm kernal crushing plant	31.5.1997	12 to 22	30,068 sq metres	Leasehold	2035	3,316

4.5

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Sabah</b> CL 085322587, CL 085322596, CL 085322603, Labuk-Sugut, Moynod, Beluran	Oil palm plantation & palm oil mill	31.5.1997	2 to 11	5,352 hectares	Leasehold	2087	80,695
CL 085313560/ 631/ 640/ 659/ 668/ 677, Labuk-Sugut, Sg. Labuk	Oil palm plantation	31.5.1997	-	1,655 hectares	Leasehold	2081	17,129
KM 9, Airport Road, Sandakan	Land for development	25.2.1992	-	10 hectares	Leasehold	2924	1,003
TL 017529332, Jln Albert Kok, Kota Kinabalu	Land for property development	8.11.1991	-	3,701 sq metres	Leasehold	2073	4,908
CL 115378919/ 28/ 37/ 46/ 55/ 64/ 73, Lot 1,2,3,4,5,6 & 7, Silabukan, Lahad Datu	Oil palm plantation & palm oil mill	29.7.1998	1	10,991 hectares	Leasehold	2086	204,487
CL 085320403, Labuk-Sugut, Sg. Sugut	Oil palm plantation	7.12.1998	-	2,832 hectares	Leasehold	2085	26,329
CL 085330089, Labuk, Telupid Beluran	Oil palm plantation	30.4.1999	-	3,262 hectares	Leasehold	2096	32,477
CL 085333740, Labuk, Telupid Beluran	Oil palm plantation	19.5.2000	-	250 hectares	Leasehold	2096	1,546
<b>State of Selangor</b> Lot 15609, Persiaran Raja Muda Musa, Klang	Road reserve	25.11.1982	-	1,068 sq metres	Freehold	-	117
Lot 602, Jalan Raja Lumu Pandamaran, Port Klang	Factory & office building	25.11.1982	11	16,187 sq metres	Leasehold	2079	2,712
P.O Box 141, South Port Area, Port Klang	Factory, warehouse & office building	25.11.1982	12 to 35	54,607 sq metres	Leasehold	2000 to 2025	9,303
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Vacant industrial land	6.6.1995	-	222,941 sq metres	Leasehold	yet to be determined	69,484
Lots 2832-2833 & 2824-2827, Mukim Sg. Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 & 1.6.1994	4	243,415 sq metres	Freehold	-	33,592
1, Jalan SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4-storey shophouses/office	16.4.1990	19	1,408 sq metres	Freehold	-	5,669
Lot Nos PT 10989 & PT 10091, Mukim of Sg. Buloh, District of Petaling	Vacant land leased out	16.4.1990	-	13,631 sq metres	Freehold	-	3,501
Lot 58 to 61, Daerah Gombak, Mukim Batu, Kaw Perindustrian, Taman Bukit Rahman Putra	Warehouse	15.9.1993	6	35,336 sq metres	Freehold	-	13,069

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Selangor</b> Lot 844, Jalan Subang 7, Taman Perindustrian Subang, 47500 Subang Jaya	Land for workshop & office building	15.6.1993	-	12,266 sq metres	Freehold	-	9,748
No. 28, Jln PJS 11/8, Bandar Sunway, 46150 Petaling Jaya	Warehouse & office	13.3.1996	8	221 sq metres	Leasehold	2096	377
Lot 9, Jalan Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	31	33,946 sq metres	Leasehold	2069	3,118
Lot 12, Persiaran Kemajuan 16/16 40000 Shah Alam	Office building	22.2.1993	6 to 8	212 sq metres	Leasehold	2018	3,352
<b>State of Negeri Sembilan</b> Lot 1350, Jln Kampung Sawah, Bukit Pelanduk	Factory & office building	25.11.1982	17 to 27	11,483 sq metres	Freehold	-	179
Lots 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	8 1/2	677,849 sq metres	Freehold	-	12,818
Lots 14720-14722, Senawang Industrial Park	Factory cum office building	30.6.1996	11	38,202 sq metres	Freehold	-	11,025
Lot 3978, Senawang Industrial Estate	Factory & office building	30.6.1996	5 to 30	27,033 sq metres	Leasehold	2067	20,084
GC Cineplex 2nd Floor, Terminal 1, Shopping Plaza, Jln Lintang, 70000 Seremban	Cineplex	26.2.1996	6	1,811 sq metres	Leasehold	2094 & 2082	6,838
<b>State of Malacca</b> Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	6	4,589 sq metres	Leasehold	2090	1,179
Lot 19, 24, 74, 174, 177, 180, 185, 272 & 273, Jln Bendahara Melaka	Disused cinema	1.6.1993	-	3,851 sq metres	Freehold	-	2,991
Cathay Melaka No. 23, Jln Munshi Abdullah, 75100 Melaka	Cinema	16.4.1990	43	2,491 sq metres	Leasehold	2054	858
<b>State of Johore</b> Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory, warehouse & office building	7.1.1989	17 to 25	71,913 sq metres	Leasehold	2049	18,831
Plo 338, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory & office building	10.10.1987	13	60,703 sq metres	Leasehold	2049	16,931
Plo 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building	14.7.1988	5	60,703 sq metres	Leasehold	2050	5,151

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Johore</b> Cathay Muar No. 38, Jln Sayang, 84000 Muar	Cinema (closed)	16.4.1990	45	1,623 sq metres	Freehold	-	552
Lot 614 & 615 Bandar Maharani, Jln Ali, District of Muar	Cinema carpark / shophouse	16.4.1990	-	345 sq metres	Freehold	-	
Lots 13804, 13805 & 13806, Mukim of Tangkak, District of Muar	Vacant agricultural land	20.11.1995 & 2.10.1995	-	370,530 sq metres	Freehold	-	2,525
Cathay Batu Pahat 91A, Jln Rahmat, 83000 Batu Pahat	Cinema (closed)	16.4.1990	40 to 50	1,562 sq metres	Freehold	-	629
Odeon Batu Pahat 30, Jln Jenang, 83000 Batu Pahat	Cinema (closed)	16.4.1990	>50	1,752 sq metres	Freehold	-	865
Plaza II Cinema F-126, 1st Floor, Holiday Plaza, Jalan Dato Suleiman, 80250 Johor Bahru	Cinema	31.7.1992 16.11.1992	13	2,929 sq metres	Freehold	-	12,695
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	3	34,981 sq metres	Freehold	-	16,614
Lot 511 Mukim of Mersing	Vacant agricultural land	19.6.2001	-	227,255 sq metres	Freehold	-	1,749
<b>State of Pahang</b> B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	>15	149 sq metres	Freehold	-	174
Teruntum Cinema Kompleks Teruntum, Jalan Mahkota, 25000 Kuantan	Cinema	16.4.1990	22	2,206 sq metres	Leasehold	2075	4,184
Rex Theatre Jalan Besar, 25000 Kuantan	Cinema	8.10.1991	48	1,338 sq metres	Freehold	-	1,999
Lot 2, Kwsn MIEL , Padang Lallang, Phase III, Kuantan	Office building & warehouse	24.12.1991	10	629 sq metres	Leasehold	2082	260
P.T. 42762, Mukim of Kuala Kuantan	Vacant industrial land	12.7.1997	-	7,810 sq metres	Leasehold	2061	3,064
<b>State of Perak</b> Cathay Ipoh No. 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Cinema & carpark	16.4.1990	45	4,494 sq metres	Freehold	-	1,627
Plot 90, Kwsn Perusahaan Silibin Lengkok Rishah I, Ipoh	Office building & warehouse	3.10.1991	8	8,013 sq metres	Leasehold	2045	1,255

Location	Description & existing use	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2001 RM'000
<b>State of Perak</b> Block G4 & G5 Lumut Industrial Park, Lumut	Factory	28.12.1995	4	80,937 sq metres	Leasehold	yet to be determined	9,851
Mukim Bukit Gantang, District of Larut & Matang	Vacant agricultural land	25.10.1996	-	216 hectares	Freehold	-	28,920
<b>Indonesia</b> Desa Talao, Sg. Kuyit, Kecamatan Sangir, Kabupaten Solok, Sumatra Barat	Oil palm plantation & palm oil mill	26.10.2001	1	10,216 hectares	Leasehold	2032	41,381
Sampit, Central Kalimantan	Oil palm plantation	6.7.2000	-	15,366 hectares	Leasehold	yet to be determined	5,463
Jalan Kolonel Yos Sudarso KM 10, Kawasan Industri Medan	Medical glove factory	27.10.1992	8	39,032 sq metres	Leasehold	2022	4,437
Jalan Ir. Sutami KM 7, Bandar Lampung	Medical glove factory (ceased operation)	29.2.1996	12	51,450 sq metres	Leasehold	2008 & 2026	452
<b>Vietnam</b> My Xuan A Industrial Zone Ba Ria Vung Tan Province	Factory & office building	7.5.1999	-	32,390 sq metres	Leasehold	2024	21,223
Nha Be, Phu My Ho Chi Minh City	Vacant industrial land	19.12.1998	-	30,000 sq metres	Leasehold	2026	7,898

# Statement of Shareholdings

as at 8 March 2002

Authorised Share Capital	RM500,000,000
Issued and Fully-Paid Capital	RM490,623,124
Class of Shares	Ordinary Shares of RM1.00 each
Voting Rights	One vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

### Size of Holdings

Less than 1,000	
1,000 - 10,000	
10,001 - 100,000	
100,001 to less than 5% of issued shares	
5% and above of issued shares	

	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 1,000	884	10.80	364,786	0.07
1,000 - 10,000	5,738	70.10	18,864,053	3.84
10,001 - 100,000	1,321	16.14	36,381,069	7.42
100,001 to less than 5% of issued shares	240	2.93	273,471,746	55.74
5% and above of issued shares	2	0.02	161,541,470	32.93
	8,185	100.00	490,623,124	100.00

## SUBSTANTIAL SHAREHOLDERS

### Name of Substantial Shareholders

Name of Substantial Shareholders	No of shares			% of Issued Capital
	Direct Interest	Deemed Interest	Total	
Kuok Brothers Sdn Berhad	196,946,163	5,122,473	202,068,636	41.19
Kerry Group Limited	-	36,820,239	36,820,239	7.50
Kerry Holdings Limited	-	36,820,239	36,820,239	7.50

## DIRECTORS' INTERESTS IN SHARES

### In the Company

	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Ong Ie Cheong	-	-	4,000	*
Datuk Oh Siew Nam	57,333	0.01	280,000	0.06
Dato' Lim Chee Wah	-	-	-	-
Dato' Abdul Jabid bin Mohd Don	13,333	*	13,333	*
Dato Sri Liang Kim Bang	-	-	-	-
Tan Yew Jin	13,333	*	40,741	0.01
Ang Guan Seng	-	-	20,574,666	4.19

### In Subsidiary Companies FFM Berhad

Ong Ie Cheong	-	-	-	-
Datuk Oh Siew Nam	3,000	*	178,250	0.08
Dato' Lim Chee Wah	-	-	-	-
Dato' Abdul Jabid bin Mohd Don	-	-	-	-
Dato Sri Liang Kim Bang	-	-	-	-
Tan Yew Jin	-	-	180,625	0.08
Ang Guan Seng	-	-	5,250	*

### PPB Oil Palms Berhad

Ong Ie Cheong	24,000	0.01	-	-
Datuk Oh Siew Nam	20,000	*	36,000	0.01
Dato' Lim Chee Wah	10,000	*	-	-
Dato' Abdul Jabid bin Mohd Don	10,000	*	10,000	*
Dato Sri Liang Kim Bang	10,000	*	-	-
Tan Yew Jin	15,000	*	10,000	*
Ang Guan Seng	-	-	-	-

\* negligible

**THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)**

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	104,059,821	21.21
2. Kuok Brothers Sdn Berhad	57,481,649	11.72
3. Amanah Raya Nominees (Tempatan) Sdn Bhd -Skim Amanah Saham Bumiputera	24,479,197	4.99
4. Nai Seng Sdn Berhad	20,408,000	4.16
5. HSBC Nominees (Asing) Sdn Bhd for Dalex Investments Limited	20,062,864	4.09
6. Employees Provident Fund Board	17,756,946	3.62
7. HSBC Nominees (Asing) Sdn Bhd for Natalon Company Limited	15,123,333	3.08
8. RC Nominees (Tempatan) Sdn Bhd for Kuok Brothers Sdn Berhad	12,000,000	2.45
9. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kuok Brothers Sdn Berhad	11,000,000	2.24
10. Kuok Brothers Sdn Berhad	6,473,938	1.32
11. Permodalan Nasional Berhad	6,207,666	1.27
12. Kuok Brothers Sdn Berhad	5,931,352	1.21
13. Kuok Foundation Berhad	5,675,330	1.16
14. Eng Nominees (Asing) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd for Sin Heng Chan (1960) Pte Ltd	5,100,000	1.04
15. Malaysia Nominees (Tempatan) Sendirian Berhad for Great Eastern Life Assurance (Malaysia) Bhd	4,930,000	1.00
16. Key Development Sdn Berhad	4,403,000	0.90
17. Malaysian Food Agencies Sdn Berhad	3,508,517	0.72

**THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors) (continued)**

Name of Shareholders	No. of Shares	% of Issued Capital
18. Cartaban Nominees (Asing) Sdn Bhd Daiwa Securities SMBC Co. Ltd for Nissin Sugar Manufacturing Co. Ltd	3,200,000	0.65
19. Chinchoo Investment Sdn Berhad	3,143,000	0.64
20. Amanah Raya Nominees (Tempatan) Sdn Bhd -Sekim Amanah Saham Nasional	3,045,333	0.62
21. Shaw Brothers (Johore) Sdn Bhd	2,666,666	0.54
22. Keck Seng (Malaysia) Berhad	2,445,864	0.50
23. Citicorp Nominees (Asing) Sdn Bhd The Northern Trust Co. for Silchester International Investors International Value Equity Trust	2,161,199	0.44
24. Cartaban Nominees (Asing) Sdn Bhd Boston Safe Deposit and Trust Company for Virginia Retirement System	2,099,666	0.43
25. Pertubuhan Keselamatan Sosial	1,980,000	0.40
26. Cartaban Nominees (Asing) Sdn Bhd Boston Safe Deposit and Trust Company for Commonwealth of Massachusetts Pension Reserve Investment Trust	1,944,000	0.40
27. Citicorp Nominees (Asing) Sdn Bhd DBS Vickers HK for Incentive Company Inc.	1,807,932	0.37
28. Universiti Malaya	1,800,000	0.37
29. Universiti Kebangsaan Malaysia	1,661,804	0.34
30. HSBC Nominees (Asing) Sdn Bhd for Chipchase Limited	1,634,042	0.33
	354,191,119	72.21

**STATEMENT ACCOMPANYING THE** **GROUP CORPORATEDIRECTORY**  
**NOTICE OF ANNUAL GENERAL MEETING** **NOTICE OF ANNUAL GENERAL MEETING**  
**PROXY FORM**

## Group Corporate | Directory



### FOODS

#### SUGAR OPERATIONS

##### Malayan Sugar Manufacturing Co Berhad

Main Office  
18th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail,  
50250 Kuala Lumpur.  
Tel : 03-21424388  
Contact Person : Mr Chua Say Sin  
Managing Director

##### Kilang Gula Felda Perlis Sdn Bhd

Main Office/Factory  
Chuping, 2 1/2 km, Jln Kilang Gula,  
Chuping, Perlis  
Tel : 04-9441301  
Contact Person : En Rosman Hashim  
General Manager

##### PPB Group Berhad (Cane Division)

Plantation  
Chuping, 2 1/2 KM, Jln Kilang Gula  
Chuping, Perlis  
Tel : 04-9441233  
Contact Person : Mr Gan Chong Ho  
Senior General  
Manager

#### FLOUR MILLING

**FFM Berhad**  
Main Office  
Lots 2832 & 2833  
Batu 15 1/2, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61572289  
Contact Person : Mr Tan Gee Sooi  
Managing Director

##### Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory  
Kawasan Lembaga Pelabuhan Johor  
81700 Pasir Gudang, Johor  
Tel : 07-2512211  
Contact Person : Mr Tan Hock Yong  
Managing Director

##### Vietnam Flour Mills Ltd

Factory  
My Xuan A Industrial Zone  
My Xuan, Tan Thanh District  
Ba Ria Vung Tau Province  
Vietnam  
Tel : 0084-64894883  
Lots 2832 & 2833  
Contact Person : Mr Patrick Wong  
Chief Accountant



#### ANIMAL FEED PROCESSING

##### JBFM Feedmill Sdn Bhd

Main Office/Factory  
2429 MK 1, Tingkat Perusahaan Dua  
Kawasan Perusahaan Prai, 13600 Prai  
Seberang Prai, Pulau Pinang  
Tel : 04-3999018  
Contact Person : Mr Teoh Beng Tong  
Executive Director

##### FFM Feedmills (Sabah) Sdn Bhd

Main Office/Factory  
Kolombong Industrial Estate  
5 1/2 Mile, Off Jalan Tuaran  
88450 Kota Kinabalu, Sabah  
Tel : 088-426310  
Contact Person : Mr Chia Ngun How  
Director/  
General Manager

##### FFM Feedmills (Sarawak) Sdn Bhd

Main Office/Factory  
Lot 974, Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-2489161  
Contact Person : Mr Lee Cho Fatt  
Director/  
General Manager

#### EDIBLE OILS PROCESSING

**PGEO Edible Oils Sdn Bhd**  
Main Office/Factory  
Plo 338, Jalan Tembaga Dua  
Kawasan Perindustrian Pasir Gudang  
81707 Pasir Gudang, Johor  
Tel : 07-2514971  
Contact Person : Mr Yee Chek Toong  
Managing Director

##### Bintulu Edible Oils Sdn Bhd

Main Office/Factory  
PO Box 256  
12th Mile, Jalan Tanjung Kidurong  
97007 Bintulu, Sarawak  
Tel : 086-251150  
Contact Person : Mr Koh Suu Heng  
Refinery Manager

##### Sandakan Edible Oils Sdn Bhd

Main Office/Factory  
Km 8, Jalan Bokara, Karamunting  
Locked Bag 34, 90009 Sandakan,  
Sabah  
Tel : 089-611011  
Contact Person : Mrs Fung Kia Fen  
Refinery Manager



##### Lahad Datu Edible Oils Sdn Bhd

Main Office/Factory  
Km 2, Jalan Kastam Baru  
91109 Lahad Datu, Sabah  
Tel : 089-882222  
Contact Person : En Azmer  
Shamsuddin  
Manager

#### POULTRY FARMING

##### FFM Farms Sdn Bhd

Main Office  
Lots 2832 & 2833,  
Batu 15 1/2, Sungai Pelong,  
47000 Sungai Buloh, Selangor  
Tel : 03-61572289  
Contact Person : Mr Woo Kok Kuan  
Executive Director

#### CONSUMER PRODUCTS DISTRIBUTION

##### FFM Marketing Sdn Bhd

Main Office  
Lots 2832 & 2833  
Batu 15 1/2, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61565888  
Contact Person : Mr Ong Hung Hock  
Managing Director

## PLANTATIONS & MINING

#### OIL PALM CULTIVATION

##### PPB Oil Palms Berhad

Head Office  
15th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-21441503  
Contact Person : Mr Khoo Khee Ming  
Chief Operating Officer

##### Main Office (Sabah)

Km 8, Jalan Batu Sapi  
Karamunting, Locked Bag 34  
90007 Sandakan, Sabah  
Tel : 089-619114  
Contact Person : Mr Khoo Eng Min  
General Manager,  
Sabah



## MANUFACTURING & SERVICES

#### WASTE MANAGEMENT SERVICES

##### Chemquest Sdn Bhd

Main Office  
11th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-21429355  
Contact Person : Mr Michael Oh  
Managing Director

##### Chemical Waste Management Sdn Bhd

Main Office  
Lot 12, Persiaran Kemajuan  
Off Jalan Halba 16/16  
40200 Shah Alam, Selangor  
Tel : 03-55196566  
Contact Person : Mr Leong Yew Weng  
Director

#### WATER AND UTILITY SERVICES

##### Konsortium Abass Sdn Bhd

15th Floor, Plaza Perangsang  
Persiaran Perbandaran  
40000 Shah Alam  
Tel : 03-55122660  
Contact Person : Mr Michael Oh  
Director



##### Main Office (Sarawak)

Lot 964, Sublot 7, Taman Seaview  
Commercial Centre  
Jalan Tanjung Batu, PO Box 730  
97008 Bintulu, Sarawak  
Tel : 086-315286  
Contact Person : Mr Chee Chuan Chai  
General Manager,  
Sarawak

##### Main Office (Indonesia)

PT Tidar Sungkai Sawit  
Jalan Tanah Abang III/14  
10160 Jakarta, Indonesia  
Tel : 006221-3853625  
Contact Person : Mr Lee Weng Kean  
President Director

##### Clonal Palms Sdn Bhd

Main Office  
33B Lorong Kota Padawan 6A  
Kuching Central Land District  
10th Mile Penrissen Road  
93250 Kuching, Sarawak  
Tel : 082-619380  
Contact Person : Mr Jimmy Thong  
Manager

#### IRON ORE MINING

##### South Island Mining Co. Sdn Bhd

Main Office  
330 Simco Bungalow, Sg Toh Pawang  
08100 Bedong, Kedah  
Tel : 04-4581126  
Contact Person : Mr Chong Seng Meng  
General Manager

## Group Corporate | Directory



### GLOVE MANUFACTURING

#### PT Healthcare Glovindo

Main Office/Factory  
Jl. Kol. Yos Sudarso Km10.5  
Kawasan Industri Medan (KIM)  
Medan 20242, Indonesia  
Tel : 006261-556694  
Contact Person : Mr Teh Chin Weng  
General Manager

### ENGINEERING SERVICES

#### Minsec Engineering Services Sdn Bhd

Main Office  
Lot 844, Jalan Subang 7  
Taman Perindustrian Subang,  
Subang Jaya  
47500 Petaling Jaya, Selangor  
Tel : 03-80247650  
Contact Person : Mr Saw Kong Beng  
Director/  
General Manager

### FERTILIZER MANUFACTURING

#### Agri-Sabah Fertilizer Sdn Bhd

Main Office/Factory  
WDT 646, Km 8, Jalan Batu Sapi  
Karamunting, 90009 Sandakan,  
Sabah  
Tel : 089-612079  
Contact Person : Mr Peter Sze  
Director/  
General Manager

### POLYBAG MANUFACTURING

#### Tego Sdn Bhd

Main Office/Factory  
Lot 5-8, Senawang Industrial Estate  
70450 Seremban, Negeri Sembilan  
Tel : 06-6778721  
Contact Person : Tuan Hj Ayob  
bin Hj Saad  
Managing Director

#### Tego Multifil Sdn Bhd

Factory  
Lot 9, Lorong Bunga Tanjung 1/2  
Senawang Industrial Park  
70400 Seremban, Negeri Sembilan  
Tel : 06-6778721  
Contact Person : Tuan Hj Ayob  
bin Hj Saad  
Managing Director



### CONTRACT MANUFACTURING

#### Products Manufacturing Sdn Bhd

Main Office/Factory  
Lot PT 31-A1, A2 & A3, Industrial  
Area  
Mukim Batu 6.5 Miles, Jalan Kepong  
52000 Kuala Lumpur  
Tel : 03-62528298  
Contact Person : Mr Khor Siang Chew  
General Manager

### CHEMICALS MANUFACTURING

#### Asia Pacific Microspheres Sdn Bhd

Main Office/Factory  
No. 9 Jalan Utas 15/7  
40200 Shah Alam, Selangor  
Tel : 03-55191801  
Contact Person : Mr Huen Foo Seng  
General Manager

#### Malayan Adhesives & Chemicals Sdn Bhd

Main Office/Factory  
No. 9 Jalan Utas 15/7  
40200 Shah Alam, Selangor  
Tel : 03-55191801  
Contact Person : Mr Huen Foo Seng  
General Manager



## SHIPPING & COMMODITY TRADING

### COMMODITY TRADING

#### Kuok Oils & Grains Pte Ltd

Main Office  
1 Kim Seng Promenade  
Great World City #05-01  
Singapore 237994  
Tel : 02-7388622  
Contact Person : Mr Kwok Kian Hai  
Managing Director

### SHIPPING OPERATIONS

#### Malaysian Bulk Carriers Sdn Bhd

Main Office  
Level 6, Chujitsu Plaza, Annexe B  
1A Jalan Tandang,  
46050 Petaling Jaya  
Tel : 03-77816212  
Contact Person : Ms Chong Fui Nyee  
Company Secretary

## ENTERTAINMENT & PROPERTY

### CINEMA OPERATIONS

#### Golden Screen Cinemas Sdn Bhd

Main Office  
1 Jalan SS22/19, Damansara Jaya  
47400 Petaling Jaya  
Tel : 03-77295666  
Contact Person : Mr Irving Chee  
General Manager



### BOWLING OPERATIONS

#### Leisure Bowl Holdings Sdn Bhd

Main Centre  
Cheras Leisure Mall, Jalan Manis 6  
Taman Segar, 56100 Kuala Lumpur  
Tel : 03-77221445  
Contact Person : Mr Irving Chee  
Executive Director

### AMUSEMENT CENTRE OPERATIONS

#### Kerry Leisure Concepts Sdn Bhd

Main Office  
Lot 2.37, Level 2, Cheras Leisure Mall  
Jalan Manis 2, Taman Segar  
56100 Kuala Lumpur  
Tel : 03-91311663  
Contact Person : Mr Han Yew Kong  
General Manager



### PROPERTY OWNER/ DEVELOPER

#### PPB Hartabina Sdn Bhd

Main Office  
L2-01A, 2nd Floor, Cheras LeisureMall  
Jalan Manis 6, Taman Segar  
56100 Kuala Lumpur  
Tel : 03-91305088  
Contact Person : Mr Yeo Yock Su  
Managing Director

#### Cathay Screen Cinemas Sdn Bhd

Main Office  
1 Jalan SS22/19, Damansara Jaya  
47400 Petaling Jaya, Selangor  
Tel : 03-77299118  
Contact Person : Ms Carol Au  
Manager



## NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Friday, 3 May 2002 at 9.30 a.m.  
Venue : 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur

**NOTICE IS HEREBY GIVEN** that the 33rd Annual General Meeting of PPB Group Berhad will be held at 19th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 3 May 2002 at 9.30 am for the following purposes :-

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2001, and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final dividend of 10 sen per share comprising 5 sen tax exempt and 5 sen less 28% income tax for the year ended 31 December 2001 as recommended by the Directors payable on Thursday, 23 May 2002 to shareholders registered in the Company's books at the close of business on Monday, 6 May 2002. **Resolution 2**
3. To approve an increase in Directors fees. **Resolution 3**
- 4.1 To elect Mr Tan Yew Jin as Director in accordance with Article 88 of the Articles of Association of the Company. **Resolution 4**
- 4.2 To re-elect the following Directors who retire by rotation in accordance with Article 107 of the Articles of Association of the Company :-  
i) Mr Ong Ie Cheong **Resolution 5**  
ii) Mr Ang Guan Seng **Resolution 6**
- 4.3 To consider, and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965 :-  
"That pursuant to Section 129(6) of the Companies Act 1965, Dato' Abdul Jabid bin Mohd Don be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. " **Resolution 7**
5. To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**
6. **As Special Business**  
To consider, and if thought fit, to pass the following Ordinary Resolution :-  
  
**PROPOSED RENEWAL OF SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**  
THAT, subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, the Company shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature and with those related parties as specified in the Circular to Shareholders dated 12 April 2002 subject further to the following:-  
i) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public;  
ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders mandate during the financial year and that such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next Annual General Meeting of the Company is held, provided that such transactions are made on an arms length basis and on normal commercial terms; and  
iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **Resolution 9**
7. To transact any other business of an Annual General Meeting.

Kuala Lumpur  
12 April 2002

By Order of the Board  
**TAN TEONG BOON**  
Company Secretary

### NOTICE OF ANNUAL GENERAL MEETING

#### Notes :-

1. Appointment of Proxy
  - i) A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
  - ii) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer, or his/her attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
  - iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
2. Proposed Increase in Directors Fees  
  
It is proposed that the basis of payment of non-Executive Directors fees be increased from RM15,000/- per Director per annum to a maximum of RM45,000 per Director for the financial year ended 31 December 2001, equivalent to a total amount of RM147,500 payable for the year.
3. Special Business  
  
The relevant information on the Proposed Renewal of Shareholders Mandate is set out in the Circular to Shareholders dated 12 April 2002.
4. Statement Accompanying the Notice of Annual General Meeting  
  
Additional information pursuant to Paragraph 8.28 of the Listing Requirements of the Kuala Lumpur Stock Exchange is set out in Annexure A in the 2001 Annual Report.

**STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING**

**33rd Annual General Meeting of PPB GROUP BERHAD**

Date : Friday, 3 May 2002  
 Time : 9.30 a.m.  
 Venue : 19th Floor, Wisma Jerneh,  
 38 Jalan Sultan Ismail  
 50250 Kuala Lumpur

**1. DIRECTORS WHO ARE STANDING FOR ELECTION OR RE-ELECTION**

Tan Yew Jin  
 Ong Ie Cheong  
 Ang Guan Seng  
 Dato Abd Jabid bin Mohd Don

**2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2001**

Name of Director	Total meetings attended	% of Attendance
Ong Ie Cheong	3	75
Datuk Oh Siew Nam	4	100
Dato Lim Chee Wah	4	100
Dato Abdul Jabid bin Mohd Don	4	100
Dato Sri Liang Kim Bang	4	100
Ang Guan Seng	3	75
Tan Yew Jin (appointed on 12-5-2001)	2	100

**3. DETAILS OF THE DIRECTOR WHO IS STANDING FOR ELECTION**

The details of Tan Yew Jin, Ong Ie Cheong, Ang Guan Seng and Dato Abdul Jabid bin Mohd Don are disclosed under the Board of Directors Profile on pages 1.4 and 1.5. The Shareholdings of these Directors in the Company and its subsidiaries are disclosed under the Statement of Shareholdings on page 4.11.

**PROXY FORM**

I/We \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member/members of PPB GROUP BERHAD hereby appoint the Chairman of the Meeting\*  
 or \_\_\_\_\_ of \_\_\_\_\_  
 or failing him/her \_\_\_\_\_  
 of \_\_\_\_\_

\* Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.

as my/our proxy to vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Friday, 3 May 2002 at 9.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below :-

Resolution	For	Against
1 To adopt the Directors' Report and Financial Statements.		
2 To approve the payment of a final dividend for the year ended 31 December 2001.		
3 To approve the increase in Directors' fees.		
4 To elect Mr Tan Yew Jin as Director.		
5 To elect Mr Ong Ie Cheong as Director.		
6 To elect Mr Ang Guan Seng as Director.		
7 To re-appoint Dato' Abdul Jabid bin Mohd Don as Director.		
8 To re-appoint Messrs Moores Rowland as the Auditors of the Company.		
9 To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

Number of shares held

Signature

**NOTES :**

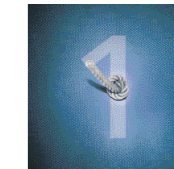
- (a) A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (b) The instrument appointing a proxy, in the case of an individual shall be signed by the appointer, or his/her attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 17th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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FOLD HERE

S T A M P

The Company Secretary  
**PPB GROUP BERHAD**  
17th Floor, Wisma Jerneh 38, Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia



**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 e-mail : ppb@po.jaring.my website: www.ppbgroup.com