

PPB GROUP BERHAD **ANNUAL REPORT '03**



PPB GROUP BERHAD

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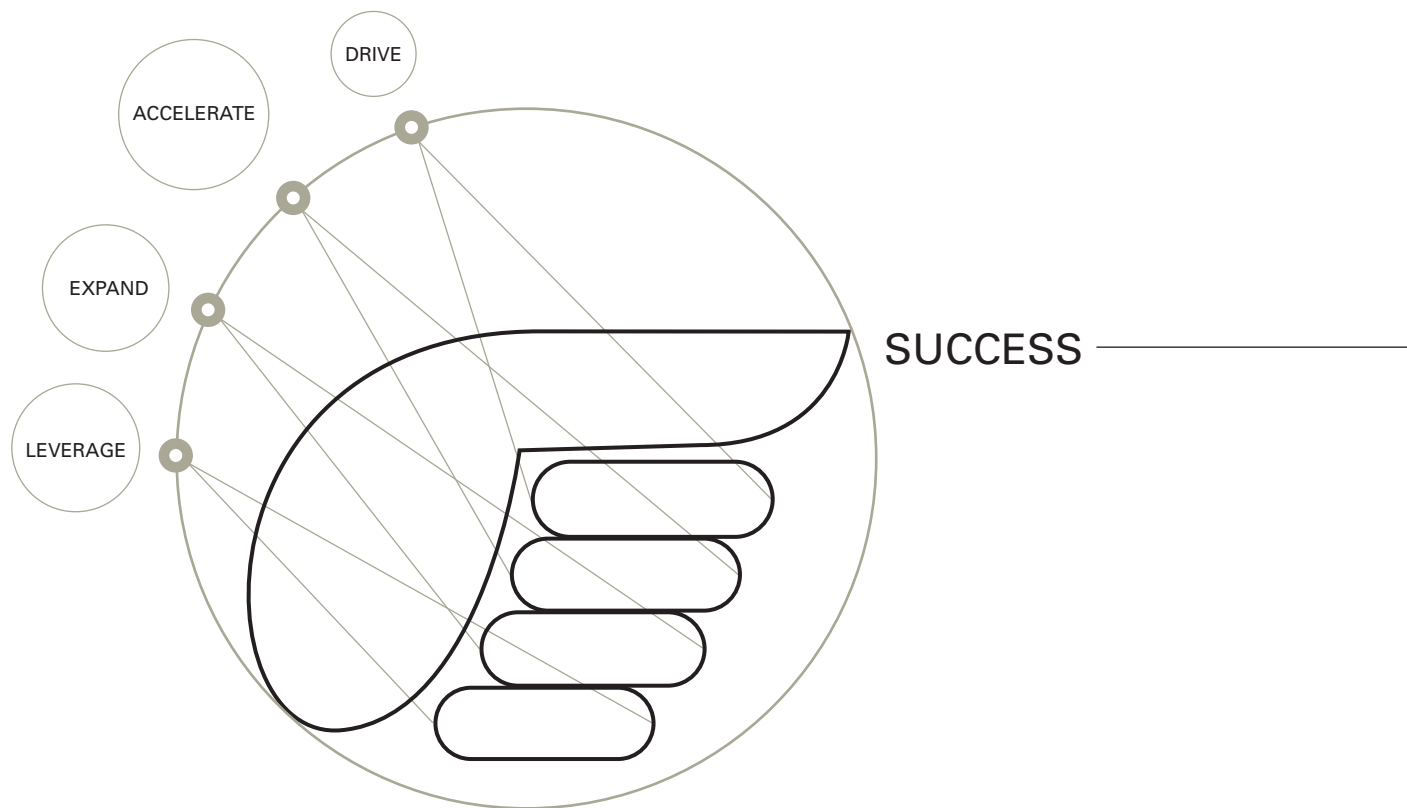
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TO LEAD, is to crystalise and harness the creative output of others into significant results. Leaders seek opportunities where none exists, nurture talent when none is required and motivate others when chaos reign. Leaders communicate its vision and create a well-defined path that can be benchmarked by many.



PPB, the epitome of leadership and success, has provided the platform on which successful companies are built upon. Through its innovative thinking and strategic investments, it has capitalized on its sound infrastructure to build a world-class organization generating higher returns to its shareholders. PPB will continue to capitalize on new opportunities and expand its global presence.

LEVERAGE on its core businesses

PPB leverages on its core businesses and strategic partnerships to provide continued innovation in products and services to its customers.

EXPAND market presence

In achieving global competitiveness, PPB continues to expand its market presence in new and emerging markets.

ACCELERATE new strategies

New business threats as well as trends are capitalized upon through implementation of new strategies and thought leadership.

DRIVE talent and creativeness

PPB's strength lies in its people who are driven to greater heights and creativeness through a harmonious working environment and fair business practices.



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CHAIRMAN'S STATEMENT

Dear Shareholders,
On behalf of the Board of Directors, I am pleased to report that PPB Group Berhad has delivered another year of exceptional growth. The profit achieved in year 2003 provides direct evidence of the continued underlying strength of the Group's major businesses.

We are also pleased with the continued growth in the Company's share price, which reflects the increased earnings of the Group as well as the increased confidence placed on PPB Group Berhad by the investment community. This is the result of the Group's efforts to enhance investor relations and its overriding goal to improve returns to shareholders.



'03

Ong le Cheong
Executive Chairman



FINANCIAL RESULTS

PPB Group Berhad achieved a much improved pre-tax profit of RM707.4 million, an increase of 41% over previous year's profit of RM500.8 million.

The better performance is attributed to increased profits from the Group's core businesses in sugar, edible oils refining and oil palm plantations. Revenue grew by 19% to RM9.32 billion from RM7.86 billion, driven mainly by the higher production and selling prices of palm oil and its related products.

Year-on-year, net profit improved by 53% to RM371.3 million equivalent to earnings per share of 75.7 sen. Shareholders funds strengthened to RM2.99 billion from RM2.70 billion. The strong performance from the Group's core operations generated significantly higher operating cashflows contributing to a net cash position of RM249.8 million as at 31 December 2003 compared with RM17.1 million in the previous year.

Benefiting from the improved financial performance of the year, net tangible assets per share rose by 11% to RM6.02 from RM5.43.



DIVIDENDS

The Board is pleased to recommend a final dividend of 16 sen per share comprising 11 sen less tax and 5 sen tax exempt payable on 28 May 2004. Including the interim dividend of 9 sen per share (5 sen less tax and 4 sen tax exempt) paid on 26 September 2003, total dividend declared for the year ended 31 December 2003 would amount to 25 sen per share (16 sen less tax and 9 sen tax exempt).

The recommended dividend is arrived at after taking into consideration the balance needed to provide shareholders with a reasonable return and setting aside funds for financing the cash portion of FFM's privatization exercise of RM204 million.

Net dividend per share for the year of 20.5 sen represents a dividend payout of 72% of the Company earnings.



CORPORATE DEVELOPMENTS

On 10 November 2003, PPB Group Berhad (PPB) announced its intention to privatise FFM Berhad (FFM) by acquiring the remaining shares not owned by PPB which as at 12 September 2003 represented 45.77% of the total share capital of FFM by way of an FFM's members' scheme of arrangement under Section 176 of the Companies Act, 1965. The proposed privatisation entails a share exchange of one (1) new PPB share plus cash of RM2.00 for every one (1) FFM share held by the shareholders of FFM other than PPB.

The rationale of this proposed privatisation is to enhance the long-term shareholder value of PPB through increased future earnings to PPB Group from the consolidation of 100% of the earnings of FFM. The privatisation will also create an enlarged PPB Group with a proforma combined shareholders funds in excess of RM3.6 billion and a significantly enhanced market capitalization, which is expected to generate greater investors' interest. The larger investor base resulting from pooling together investors of both PPB and FFM will also improve the liquidity of PPB shares.

The Privatisation exercise, which is subject to approvals from the relevant authorities and the respective shareholders of PPB and FFM is expected to be completed by the third quarter of 2004.

Malaysian Bulk Carriers Berhad (MBC), one of the largest shipping companies in Malaysia and in which the Group has 14% equity interest was listed on the Main Board of the MSEC on 2 December 2003. The MBC shares made a strong debut at listing with an opening price of RM1.87, representing a 57% premium over the retail offer price of RM1.19.

Subsequent to MBC, another of the Group's investment, Redtone International Berhad (Redtone), which is the largest provider of discounted call service and developer and seller of telecom equipment was listed on the MESDAQ on 9 January 2004. Redtone shares opened sharply higher at RM1.19, 89% above the theoretical ex-bonus listing price of RM0.63. To-date, the Group has 12% equity interest in Redtone.



OVERVIEW OF OPERATIONS

Food Manufacturing Activities

Profit contribution from the sugar operations improved for the year due to favourable commodity prices and higher sales. The Group's flour sales including Vietnam Flour Mills Ltd improved by 2% from the previous year. Construction works for FFM's second flour mill with a daily wheat milling capacity of 500mt commenced in December 2003 and the mill is expected to be commissioned in the middle of 2005. Feed sales, too, increased by 2% in 2003. Construction of a new feedmill at Pulau Indah commenced in December 2003 and is expected to be operational in the second quarter of 2005.

Livestock Farming

The year 2003 started with dismal demand dragging day-old-chick prices down to RM0.50 from RM1.20 each in the year before. Market conditions turned around with the outbreak of Avian Influenza in Holland in the second quarter which led to increased European demand for poultry products in the surrounding region. The Trong Layer farm continued to consolidate in response to the oversupply of table eggs in the market. Profit margins have also been impacted by steep rises in the feed prices. To overcome the difficult business condition, management has taken active steps to promote the "Seri Murni" brand of premium antibiotic-free eggs.

Edible Oils Refining And Trading

The Group's refineries including its associate processed 3.6 million mt of refined edible oils representing a marginal increase of 2.4% over the previous year. Profit performance improved significantly mainly due to the timely hedging of raw materials and the better prices of palm oil products obtained as a result of increasing demand from the major importing countries such as India and China as well as due to palm oil's competitive pricing against soybean oil products which was at high premiums.

Oil Palm Plantations

Crude palm oil prices continued to trend upwards in 2003 due to a convergence of positive factors contributing to a 12% increase in the actual CPO price realized by PPBOP to RM1,456 per tonne from RM1,299 per tonne achieved in the previous year. Production of fresh fruit bunches improved by 9% to 1,150,300 tonnes while CPO production rose by 4% to 289,535 tonnes. The better palm product prices together with higher crop production and extraction rates boosted PPBOP's pre-tax profit to RM199.5 million from RM158 million the year before.

The Group has been steadily expanding its landbank with the acquisition of Kalimantan Palm Industries Sdn Bhd which owns 32,200 hectares of land proposed for the development of oil palm in Central Kalimantan, Indonesia and Jasa Karya Sdn Bhd which owns 3,642 hectares of land in District of Beluran, Sabah. Both acquisitions will increase the Group's plantable landbank to 117,000 hectares of which 42,000 is available for future planting.



Environmental Engineering, Waste Management And Utilities

Year 2003 has been a challenging one for the environmental engineering business. Nevertheless, this division managed to contribute operating profits of RM16.6 million to the Group against RM19.6 million in the year before. Chemquest Group, through its overseas subsidiary, Kerry Utilities Limited, has on 16 July 2003 won the bid for the RMB201 million Lugouqiao Sewage Treatment Plant (Phase 1) with a treatment capacity of 100,000 metric³/day, in Beijing, China. This award marks the beginning of the Group's expansion into the environmental business in China.

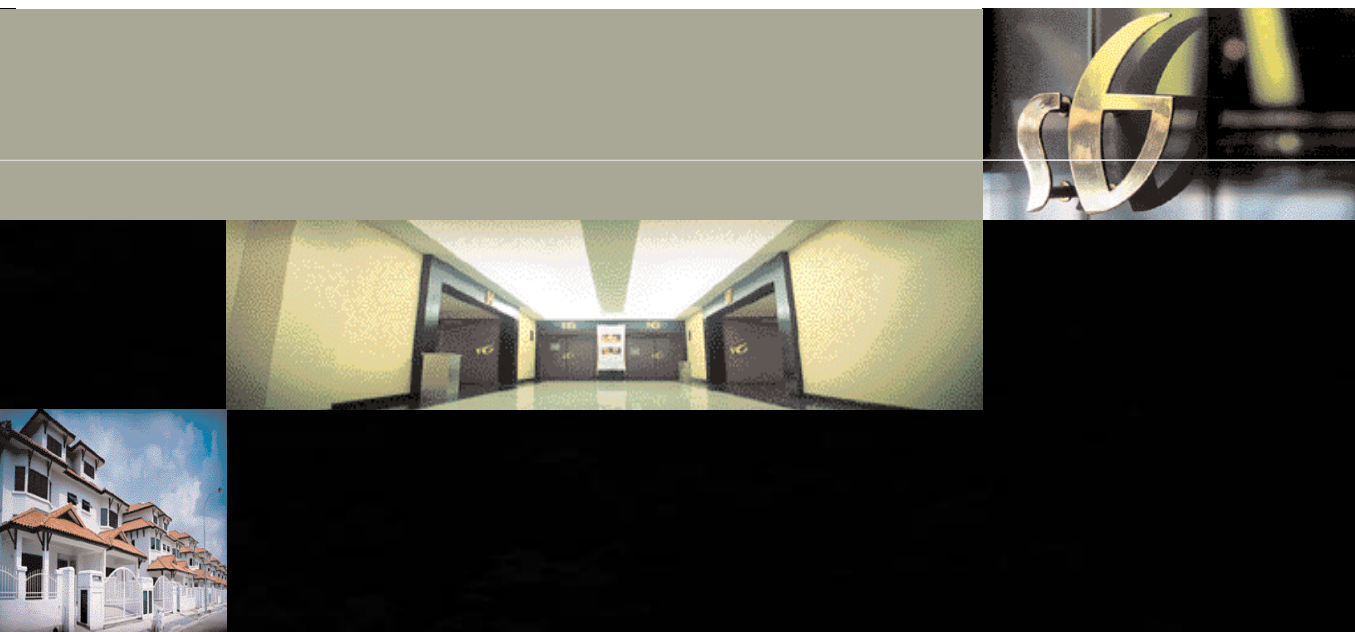
During the year, Chemquest Group also secured the Bukit Badong Distribution Supply System (Stage 2), Wangsa Maju Pumping Station and three projects in the Sg. Semenyih Water Treatment Plant for a total contract value in excess of RM100 million.

Chemquest Group's profit including its manufacturing division was significantly lower mainly due to higher losses suffered by its glove manufacturing activity faced with escalating rubber prices and poor glove retail prices. The glove operations also incurred a goodwill write-off of RM6.5 million during the year. Management has been taking aggressive steps to reduce losses by scaling down operations and undertaking stringent cost controls.

Film Exhibition And Distribution

The Group's cinema chain under Golden Screen Cinemas (GSC) performed exceptionally well due to the release of a string of blockbuster films throughout the year. Box-office collections improved by 20% over the previous year resulting from higher admissions. The government's piracy-eradication efforts through consistent raids on manufacturers and traders of bootleg copies have also helped encourage customers' return to the big screen.

To provide increased convenience to moviegoers, GSC recently launched its intelligent SMS (iSMS) where Maxis subscribers are able to reserve tickets with ease. In January 2004, GSC opened its second flagship cineplex of 12 screens at Plaza Gurney, Penang to further expand its northern market share. GSC has also entered into an equal joint venture with Berjaya Times Square Sdn Bhd to operate a new cineplex at Berjaya Times Square which is scheduled for opening in the second half of 2004.



Property Investment And Development

The Group's property investment in Taman Segar managed to maintain its profit performance from its residential development at Phase I and II of the Bukit Segar project of 299 units comprising primarily of semi-detached houses and bungalows, which has to-date registered sales of 75%. Its other development of 577 units of low cost houses has been completely sold.

Phase I units have been handed over to the homeowners in April 2003 while Phase II units and the low cost houses will be delivered by middle of 2004. The remaining landbank of 22 acres in Taman Segar has been earmarked for exclusive bungalows and its launch is expected to be in the third quarter of 2004.

Prospects And Challenges For 2004

Year 2004 holds promise of continued growth for the Malaysian economy against the backdrop of a steady recovery in the global markets. The positive effects of the government's pro-growth fiscal stimulus, easy monetary policies and low inflation will continue to provide a conducive environment to foster growth. The country's exports are expected to improve from the healthier global economy while private consumption, boosted by the strengthening of both consumer and business confidence, will further drive economic growth.

Malaysia's GDP growth is envisaged to further improve to 5.8% in 2004 and this should augur well for the Group's core businesses. Profits from the Group's core businesses in food manufacturing and oil palm plantations are dependent on favourable commodity prices, which in turn are determined by the supply and demand in world markets. To mitigate the negative effects of fluctuating commodity prices, the Group has taken proactive measures to continually improve competitiveness including investments to upgrade its factories, reduce operating cost, improve efficiency of distribution channels and update its marketing strategies.

Based on current commodity prices and higher expected production from the plantations together with the Group's effective management, the Board is optimistic that the Group is well positioned to maintain its good performance.



Chairman's Statement



The Board

On behalf of the Board of Directors, I wish to welcome YM Raja Dato' Seri Abdul Aziz bin Raja Salim as an Independent Non-Executive Director. We are confident that with his wealth of experience and knowledge in the finance and business field, he will further enhance the effectiveness of the Board's deliberations and hence contribute to the ongoing success of the Group.

Special Thanks

On behalf of the Board of Directors, I wish to take this opportunity to acknowledge the contribution of our Group's employees for their strong dedication, support and hard work without which, the exceptional results achieved today would not have been possible.

I would also like to thank my fellow directors for their commitment and guidance in helping the Group achieve this level of success.

To our shareholders, business partners and other stakeholders, I wish to extend my sincere appreciation for your continued support and confidence in PPB GROUP BERHAD.



Board of Directors

Ong Ie Cheong
Executive Chairman

Datuk Oh Siew Nam
Deputy Chairman

Dato' Lim Chee Wah
Executive Director

Dato Sri Liang Kim Bang
Independent Non-Executive Director

YM Raja Dato' Seri Abdul Aziz bin Raja Salim
Independent Non-Executive Director

Ang Guan Seng
Non-Independent Non-Executive Director

Tan Yew Jin
Non-Independent Non-Executive Director

Michael Oh Aik Teong
(Alternate Director to Mr Ang Guan Seng)
Non-Independent Non-Executive Director

Koh Mei Lee
(Alternate Director to Mr Tan Yew Jin)
Non-Independent Executive Director

Audit Committee

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Nomination Committee

Ang Guan Seng
Chairman

Dato Sri Liang Kim Bang

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Remuneration Committee

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

Ong Ie Cheong

Secretary

Tan Teong Boon

Registered Office

17th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
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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
50400 Kuala Lumpur

Principal Bankers

Malayan Banking Berhad
Bumiputra-Commerce Bank Bhd

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

Malaysia Securities Exchange Berhad
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, 62, 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 PPB from 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 the University of Malaya with a Bachelor of Science degree.

DATUK OH SIEW NAM

Y. Bhg. Datuk Oh Siew Nam, 65, 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 FFM Group in 1968 and is presently the

Executive Chairman of FFM Berhad. He is also a Director of Kuok Brothers Sdn Bhd since 1998 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 (5) 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, 64, 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 the Executive Chairman of Malayan Sugar Manufacturing Company Berhad and Chairman of Jerneh Asia Berhad. He is also a Director of Malaysian Bulk Carriers Berhad and Kuok Brothers Sdn Bhd and a trustee of Kuok Foundation Berhad. He graduated from the University of Malaya with a Bachelor of Economics (Honours) degree.

DATO SRI LIANG KIM BANG

Y. Bhg. Dato Sri Liang Kim Bang, 67, 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 and Remuneration Committees and a member of the Nomination Committee of the Company. Dato Sri Liang held various positions in the Sarawak Civil service and prior to his retirement in 1994, was the Sarawak 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, Rashid Hussain 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.



Board of Directors' Profile

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM

YM Raja Dato' Seri Abdul Aziz bin Raja Salim, 65, a Malaysian, is an Independent Non-Executive Director of PPB Group Berhad. He was appointed to the Board on 12 May 2003. He is also a member of the Audit Committee and Nomination Committee of the Company. YM Raja Aziz was a former Director-General of Inland Revenue and a former Accountant-General of Malaysia. He is a Fellow Member of the Chartered Association of Certified Accountants and the Chartered Institute of Management Accountants of the United Kingdom, and a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation. He also serves on the Board of Amanah Saham Mara Berhad as well as several listed

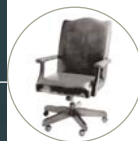
companies, namely, PPB Oil Palms Berhad, Jerneh Asia Berhad, K&N Kenanga Holdings Berhad, Camerlin Group Berhad, Tasek Corporation Berhad, Gamuda Berhad, Matsushita Electric Company (M) Berhad and Southern Steel Berhad.

MR ANG GUAN SENG

Ang Guan Seng, 65, a Malaysian, is a Non-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, Malayan United Industries Berhad and Parkway Holdings Limited.

MR TAN YEW JIN

Tan Yew Jin, 63, a Malaysian, is a Non-Independent Non-Executive Director of PPB Group Berhad. He joined the Board on 12 May 2001. 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 is an Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, CPA Australia and the Institute of Certified Public Accountants of Singapore.



MR MICHAEL OH AIK TEONG

Michael Oh Aik Teong, 46, a Malaysian, is a Non-Independent Non-Executive Director of PPB Group Berhad. He was appointed to the Board as an Alternate Director on 16 May 2002 and is presently an Alternate Director to Mr Ang Guan Seng. Mr Oh joined the Group in 1992 to help establish the utilities and environmental engineering division of the Group and is presently the Managing Director of Chemquest Group. He had previously worked for Exxon Chemicals Sdn Bhd for 10 years. Mr Oh also serves on

the Board of Redtone International Berhad. He graduated from the University of Malaya with a Bachelor of Engineering (Honours) degree, majoring in chemicals.

MS KOH MEI LEE

Koh Mei Lee, 39, a Malaysian, is a Non-Independent Executive Director of PPB Group Berhad. She was appointed to the Board as an Alternate Director to Mr Tan Yew Jin on 16 May 2002. Ms Koh joined the Company in 1990 as a Treasury Executive and over the years has risen from the ranks to her current position as Senior Manager,

Corporate Affairs Department. She has been instrumental in the development of the Corporate Affairs Department and her responsibilities include fostering investor relations, corporate development and restructuring as well as mergers and acquisitions. She is also the Chief Executive of Golden Screen Cinemas Sdn Bhd. She graduated from the University of Montevallo, USA with a Bachelor of Business Administration degree (Summa Cum Laude).

None of the above Directors has any family relationship with any other Director and/or major shareholder of PPB and has no conflict of interest with PPB. The above Directors have no conviction for any offences within the past ten (10) years.





BOARD OF 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, principal risks and implementing appropriate steps to manage these risks, investor relations programme and ensuring the systems of internal control are in place and are effective. The Board has delegated specific responsibilities to four committees, namely, the Audit, Nomination, Remuneration and Risk Advisory 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.

COMPOSITION OF THE BOARD

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 Malaysia Securities Exchange Berhad 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 14 to 17 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. The executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations and development of business and corporate strategies. The 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 non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

The Board has appointed Dato Sri Liang Kim Bang as the Senior Independent Non-Executive Director of the Board to whom concerns of the Group may be conveyed.

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



BOARD MEETINGS

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 2003, the Board met five times and the record of attendance of each Director is set out below:-

Name of Director	Board Meeting	
	No. Attended	No. Held #
Ong Ie Cheong	4	5
Datuk Oh Siew Nam	5	5
Dato' Lim Chee Wah	4	5
Dato Sri Liang Kim Bang	4	5
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (<i>Appointed on 12 May 2003</i>)	4	4
Ang Guan Seng	5	5
Tan Yew Jin	5	5
Michael Oh Aik Teong (<i>Alternate Director to Ang Guan Seng</i>)	4	5
Koh Mei Lee (<i>Alternate Director to Tan Yew Jin</i>)	5	5

Refers to the number of meetings held during the time the Director is in office.

SUPPLY OF INFORMATION

The Executive Chairman plays a key role to ensure that all Directors have full and timely access to information. All Directors are provided with an agenda and a set of Board papers issued in sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues deliberated and where necessary, to obtain further explanation. 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 CEOs 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 financial results, corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments and capital expenditures. This schedule ensures that the governance of the Group is in the Board's hands.



APPOINTMENTS TO THE BOARD

The Nomination Committee comprises three non-executive Directors and they are Ang Guan Seng (Chairman), Dato Sri Liang Kim Bang and YM Raja Dato' Seri Abdul Aziz bin Raja Salim.

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 the Directors.

Decisions on appointments are made by the Board after considering recommendations by the Committee. During the financial year ended 31 December 2003, the Nomination Committee had one meeting which was attended by all members.

DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analyst Malaysia. For new Board members, a familiarization programme is conducted which include 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 the Continuing Education Programme (CEP) by the Malaysia Securities Exchange Berhad on an annual basis to keep abreast of new regulatory developments and listing requirements.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, 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

i. 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.

ii. Remuneration Procedure

The Remuneration Committee comprising mainly non-executive Directors recommends to the Board the remuneration of the executive Directors and it is 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 le 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 2003, the Remuneration Committee had one meeting which was attended by all members.

iii. Remuneration Package

The details of the remuneration of Directors on Group basis for the financial year ended 31 December 2003 are as follows :-

All figures in RM'000	Executive Directors	Non-Executive Directors
Salary	3,312	747
Fees	65	462
Bonus	3,405	950
Benefits-in-kind	112	48
Total	6,894	2,207

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

	Executive Directors	Non-Executive Directors
Less than RM50,000	-	1
RM50,001 – RM100,000	-	1
RM100,001 – RM200,000	-	1
RM200,001 – RM300,000	-	1
RM300,001 – RM400,000	1	-
RM700,000 – RM800,000	-	1
RM1,000,000 – RM1,100,000	-	1
RM1,600,000 – RM1,700,000	1	-
RM1,700,001 – RM1,800,000	1	-
RM3,100,000 – RM3,200,000	1	-
Total	4	6



INVESTOR RELATIONS

INVESTOR RELATIONS PROGRAMME

The Company has an active Investor Relations programme directed to both individual and institutional investors. The Company's Investor Relations mission is to maintain an ongoing awareness of the Company's performance among its shareholders, media and the investment community. The Company's Investor Relations programme focuses on transparency of disclosure and the timely dissemination of information.

i. Sources of Information

The principal sources of information disseminated by the Company during the year, include :-

- Our annual report which aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review.
- Quarterly Investor Updates designed like a newsletter which contain financial results, articles of the Group's operations as well as significant events during the quarter under review.
- The Investor Handbook published annually provides shareholders and the investment community with an overview of the Group's operations and serves as a convenient reference guide.
- Press releases on financial performance and important events relating to the Group via the local media and the corporate website.
- The Company's corporate website, www.ppbgroup.com contains a separate section for our shareholders or potential investors under "Investors" where they can request for information or provide feedback to the Company. Information on the Group, its businesses, financial data, annual reports and Investor Updates can be easily downloaded from the website.



ii. Direct Meetings

PPB Group's policy is to maintain an active dialogue with its shareholders with the objective of giving shareholders a clear and complete picture of the Company's performance. This is provided at the Company's annual general meetings where shareholders can express their views or raise questions in relation to the Company's financial performance and business operations. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Analyst briefings are held twice a year to provide consistent dialogues between the Company's senior management and the investment community. An annual press conference is also held after the final results are released to the Malaysia Securities Exchange Berhad. On these occasions, the Executive Chairman and CEOs of the principal subsidiaries are present to address any questions.

At other times, the Company endeavours to meet all requests for meetings or information by the investment community.

While the Company endeavours to provide as much information possible to shareholders and the investment community, it is always mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

iii. Queries and Feedback

PPB welcomes inquiries and feedback from the shareholders and the investment community. The Corporate Affairs Department of the Company provides investors with a channel of communication on which they can provide feedback to the Company.

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

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



ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors are committed to present a balanced and fair assessment of PPB 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 80 of this Annual Report.

RELATIONSHIP WITH AUDITORS

The Board maintains a formal and transparent professional relationship with the auditors through the Audit Committee. The Audit Committee meets with the external auditors without the presence of the management at least once a year.

A report of the Audit Committee is set out on pages 31 to 32 of this Annual Report.

INTERNAL CONTROL

The Statement on Internal Control set out on pages 29 to 30 of this Annual Report provides an overview of the state of controls within PPB Group.

Signed on behalf of the Board of Directors in accordance with a resolution dated 27 February 2004.

Ong Ie Cheong
Executive Chairman

Dato Sri Liang Kim Bang
Independent Non-Executive Director



Group Financial Highlights

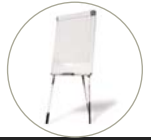
	2002*	2003	%	
	RM'Million	RM'Million	Change	
INCOME STATEMENTS				
Revenue	7,857.980	9,319.768	18.60%	
Profit before taxation	500.747	707.360	41.26%	
Profit after taxation	378.492	536.882	41.85%	
Net profit for the year	242.996	371.253	52.78%	
BALANCE SHEETS				
Funds employed	4,404.741	4,822.938	9.49%	
Shareholders' funds	2,701.372	2,988.027	10.61%	
RATIOS				
Current ratio	times	2.11	2.34	10.90%
Interest coverage	times	37.10	62.60	68.73%
Debt/Equity	%	2.89	2.81	
Return on equity	%	9.00	12.42	
Return on net assets	%	11.43	14.71	
Price/Operating cash flow	times	5.81	6.09	4.82%
Price earnings ratio	times	7.95	8.66	8.93%
Profit before tax over revenue	%	6.37	7.59	
Earnings per share	sen	49.53	75.67	52.78%
Dividend per share (net) for the year	sen	43.00	20.52	-52.28%
Net tangible assets per share	RM	5.43	6.02	10.87%
31st December closing price	RM	3.94	6.55	66.24%

* Comparative figures for 2002 have been restated to comply with MASB 25 - *Income Taxes* and the change in accounting policy on Plantation Development Expenditure.

DIVIDENDS PAID IN YEAR 2003

Type of Dividend	Rate	Payment Date	For Financial Year
Final	5 sen tax exempt & 7.5 sen less tax	29 May 2003	2002
Interim	4 sen tax exempt & 5 sen less tax	26 September 2003	2003

Group's Major Events in 2003



28 February

FFM Marketing Sdn Bhd, a wholly-owned subsidiary of FFM Berhad, launched its "Marina" frozen foods comprising tempura coated chicken nuggets and New Zealand Hoki fish fingers. The launch marks a new business venture for the FFM Group and the beginning of a nationwide distribution for their frozen foods.

11 April

PPB Oil Palms Berhad, a 55.6% subsidiary of PPB, acquired 100% equity interest in Jasa Karya Sdn Bhd (JKSB). JKSB's wholly-owned subsidiary, Sekar Imej Sdn Bhd, is the registered owner of several pieces of land covering 3,642 hectares at Sungai-Sungai, District of Beluran, Sabah which is suitable for development into oil palm plantation.

16 July

Kerry Utilities Limited, a 50% overseas subsidiary of PPB held through Chemquest Group, as part of a consortium won the bid for the RMB201 million Lugouqiao Sewage Treatment Plant (Phase 1) project in Fengtai District, Beijing, China.

25 August

PGEO Group Sdn Bhd (PGSB), a wholly-owned subsidiary of PPB Group, entered into a Joint Venture Agreement with Volac Limited to subscribe for shares in a joint venture company known as "Volac Ingredients Sdn Bhd (VISB)" with the former taking 51% equity interest. VISB will undertake the production of calcium salts for feed ingredients using Palm Fatty Acid Distillate at PGSB's factory in Pasir Gudang, Johor.

10 November

PPB's Board announced its intention to privatise its 54.23% subsidiary, FFM Berhad (FFM), by acquiring the remaining shares in FFM not already owned by PPB by way of an FFM members' scheme of arrangement under Section 176 of the Companies Act, 1965.

2 December

Malaysian Bulk Carriers Berhad (MBC) in which PPB is a substantial shareholder holding 14% equity interest, was listed on the Main Board of Malaysia Securities Exchange Berhad. MBC is principally involved in investment holding and shipping activities.



28 February

Release of 4th Quarter Report for the year ended 31 December 2002.

5 March

A press briefing was held to review the financial results for the year ended 31 December 2002.

17 April

Issue of 2002 Annual Report.

22 April

An analyst briefing was held to review the financial results for the year ended 31 December 2002 and other related matters.

9 May

34th Annual General Meeting was held.

29 May

Release of 1st Quarter Report for the three months ended 31 March 2003.

26 July

The staff of PPB organized a "Gotong-Royong" activity at Rumah Charis Home for the Aged and Children with the theme "Let's Care Together". Its community programme held annually is aimed at improving the quality of life of the community.

25 August

Release of 2nd Quarter Report for the six months ended 30 June 2003. An Interim Dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% tax was declared.

17 September

An analyst briefing was held to review the results for the six months ended 30 June 2003 and other related matters.

10 November

PPB's Board announced its intention to privatise its 54.23% subsidiary, FFM Berhad (FFM), by acquiring the remaining shares in FFM not already owned by PPB by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965.

21 November

Release of 3rd Quarter Report for the nine months ended 30 September 2003.



The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system. Such a system is designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The key elements of the Group's system of internal control are summarized as follows :-

1. Control Environment

The Board considers the integrity of staff at all levels to be of utmost importance, and this is pursued through its comprehensive recruitment, appraisal and reward programmes. There is an effective Group organisation structure within which business activities are planned, controlled and monitored.

The Group's culture and values, and the standard of conduct and discipline it expects from its employees have been communicated to them via the employee handbook or letters of appointment.

2 Risk Management

The Board has established a formal group-wide enterprise risk management system covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the Group.

This process has been in place throughout the year and is continually reviewed by the Audit Committee for its adequacy and effectiveness and reported accordingly to the Board.

The key features in the Group's risk management framework are :-

- A formal risk policy and guideline have been established and approved by the Board and communicated to employees throughout the Group;
- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, Audit Committee, Risk Advisory Committee and the various subsidiary risk committees has been established and approved;
- The group-wide risk assessment process includes identifying the key risks, potential impact and likelihood of those risks, the control effectiveness and adopting the appropriate action plans to mitigate those risks to the desired level;
- The Risk Advisory Committee provides quarterly reports on the risk profile of the Group to the Audit Committee for review and the Audit Committee reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;



Statement On Internal Control

2 Risk Management (continued)

- The appointment of a Chief Risk Officer at holding company and risk officers at the subsidiaries to ensure leadership, direction and coordination of the group-wide application of risk management; and
- On-going risk management education and training is provided at management and staff levels.

3. Control Activities

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

There are comprehensive budgets, requiring Board's approval, which are reviewed and revised on a regular basis, with performance monitored against them and explanations sought for significant variances.

4. Information And Communication

There is a system of financial reporting to the Board, based on quarterly results and annual budgets. Key risks and operational performance indicators are continuously monitored and reported to the Board.

5. Monitoring

Monitoring of the Group's significant business risks is embedded within the Group's risk management process described in 2 above. A control-self-assessment system is also in place for management to monitor those critical and routine risk areas under their jurisdiction using an internal control checklist.

The effectiveness of the Group's risk management, internal control and governance processes is monitored by the Audit Committee, which receives regular reports from the internal auditors. Formal procedures are in place for correction of weaknesses identified in these reports.

There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

The Group's system of internal control applies principally to PPB Group Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them.

This statement is made in accordance with a resolution of the Board of Directors dated 27 February 2004.



Composition

The members of the Audit Committee (AC) during the financial year ended 31 December 2003 comprised the following directors :-

Director	Membership	Directorship
Dato Sri Liang Kim Bang	Chairman	Independent Non-executive
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Appointed : 12 May 2003)	Member	Independent Non-executive
Ang Guan Seng	Member	Non-independent Non-executive
Tan Yew Jin (Resigned : 12 May 2003)	Member	Non-independent Non-executive

Terms Of Reference

The Terms of Reference of the AC are 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 auditors, the audit plan;
 - b. with the external auditors, their evaluation of the system of internal controls;
 - c. with the external auditors, their audit report;
 - d. the assistance given by the employees of the Company to the external auditors;
 - 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 auditors of the Company; and
 - j. whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.



Audit Committee Report

- (2) recommend the nomination of a person(s) as external auditors;
- (3) consider the external auditors' 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 2003 and details of attendance of each committee member are as follows :-

Director	Audit Committee Meetings	
	No. Held#	No. Attended
Dato Sri Liang Kim Bang	4	4
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	3	3
Ang Guan Seng	4	4
Tan Yew Jin	1	1

Refers to the number of meetings held during the time the director is a member of the AC.

Activities Of The Audit Committee

During the financial year ended 31 December 2003, 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 the Group's officers to them.
2. reviewed with the internal auditors their audit reports, approve their audit plan, scope and audit approach including assessing their performance and adequacy of their resources.
3. reviewed the Group's quarterly results and year-end financial statements prior to submission to the Board of Directors.
4. reviewed the Audit Committee Report and Statement on Internal Control for inclusion in the Annual Report.
5. reviewed the quarterly reports on the Group's top risks and management action plans to manage the risks.
6. reviewed related party transactions within the Group.
7. considered the increase in Moores Rowland's audit fee and recommended the nomination of Moores Rowland for re-appointment as external auditors.

Activities Of The Internal Audit Department

The activities of PPB Internal Audit Department (PPBIAD) are guided by its Remit and the annual audit plan approved by the AC. PPBIAD reports functionally to the AC and is independent of the activities they audit.

During the financial year ended 31 December 2003, PPBIAD reviewed the adequacy and integrity of the Group's system of internal control covering both financial as well as non-financial controls. In addition, the effectiveness of the Group's Enterprise Risk Management system was also evaluated. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations.

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

27 February 2004



In compliance with the Malaysia Securities Exchange Berhad Listing Requirements, the following additional information is provided :-

1. Non-audit Fees

The non-audit fees paid to the external auditors of PPB and its subsidiaries ("PPB Group") for the financial year ended 31 December 2003 were as follows :-

Name of Auditor	Fees (RM)	Purpose
Moores Rowland	233,690	Due diligence review, tax advisory and accounting services.
KPMG	51,928	Tax advisory and accounting services.
Ernst & Young	137,863	Due diligence review, tax advisory and accounting services
Chin & Co.	600	Tax advisory services.
Khin Su Htay & Associates	2,158	Secretarial services.

2. Material Contracts

There were no material contracts entered into by PPB Group which involve its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous financial year other than as disclosed below :-

Privatisation Agreement dated 3 December 2003 between PPB and FFM Berhad ("FFM") to facilitate the Proposed Privatisation of FFM by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965. In consideration of the exchange of FFM shares held by the scheme shareholders, PPB shall on or before the last day of the settlement period, pay a cash sum of RM2.00 and shall allot and issue one (1) new PPB share for each FFM share surrendered by the scheme shareholders.

Kuok Brothers Sdn Bhd ("KBSB") is deemed interested in the Privatisation Agreement by virtue of KBSB being a major shareholder of both PPB and FFM.

Datuk Oh Siew Nam and Mr Tan Yew Jin are deemed interested in the Privatisation Agreement as they are Directors of KBSB, PPB as well as FFM and having direct and indirect interest in PPB. They also have indirect interest in KBSB and FFM.

Mr Ong le Cheong and Dato' Lim Chee Wah are deemed interested in the Privatisation Agreement as they are Directors of KBSB and PPB. Mr Ong has indirect interest in PPB and direct interest in KBSB while Dato' Lim has indirect interest in KBSB.



Additional Compliance Information

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

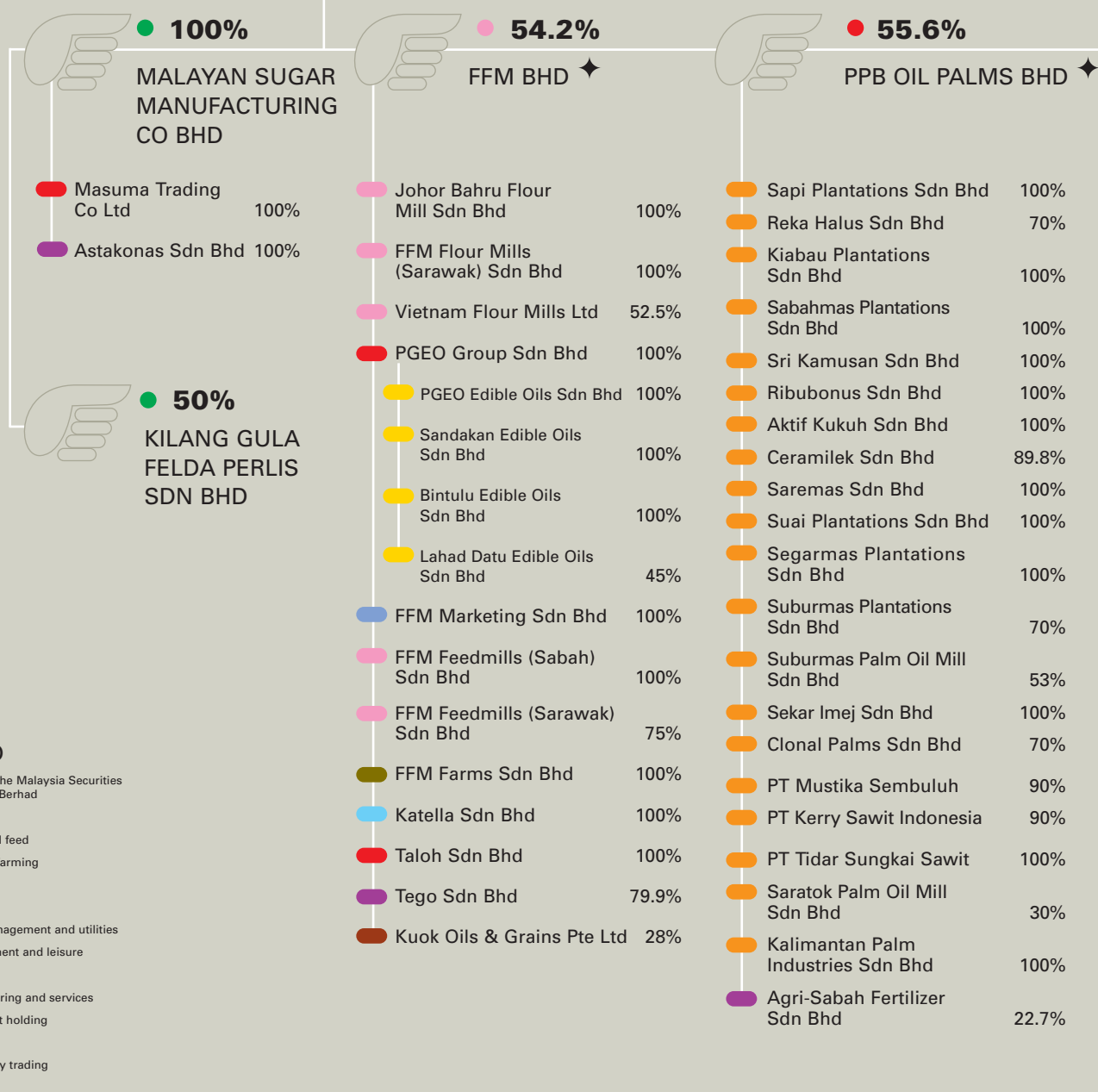
The RRPTs entered into by PPB Group during the financial year ended 31 December 2003 were as follows :-

RELATED PARTIES

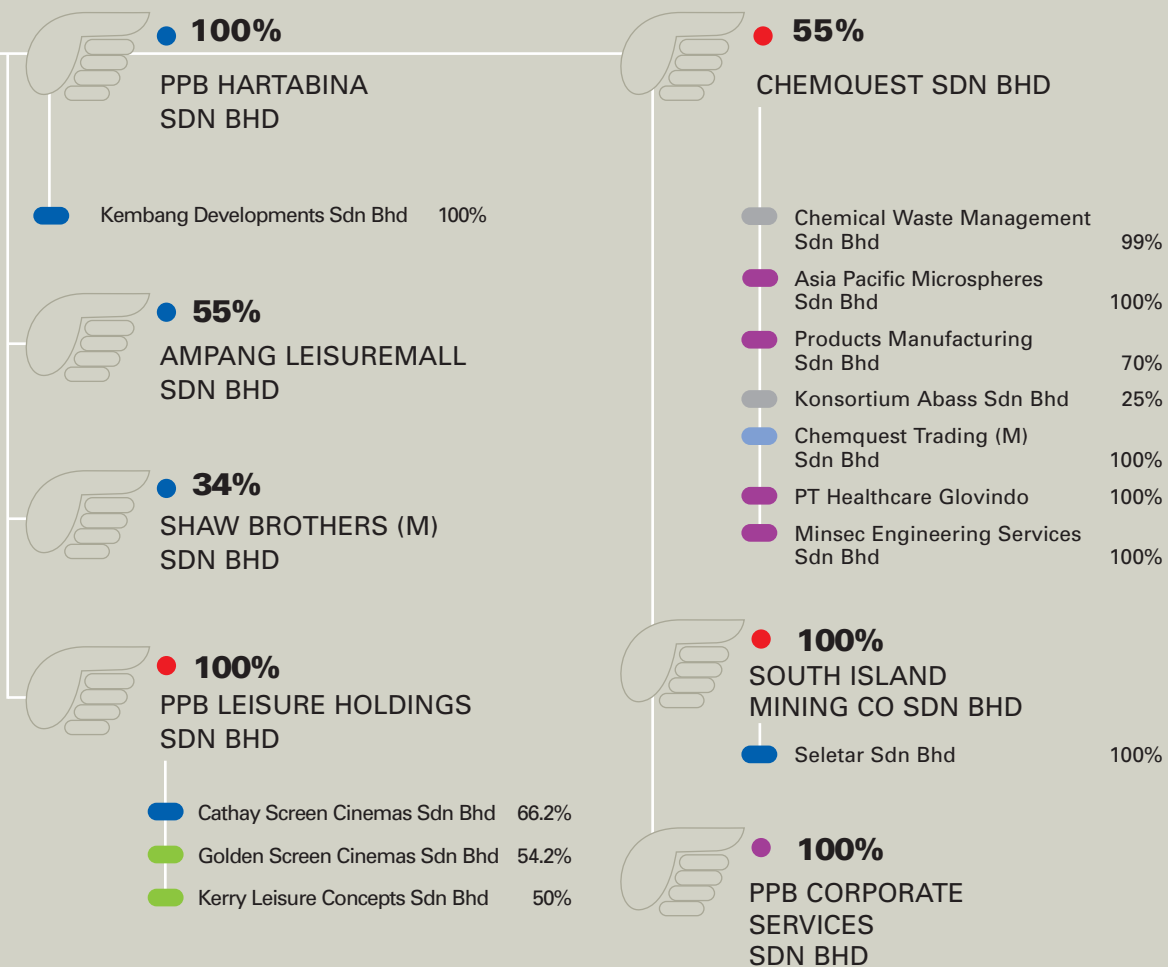
- (a) Kuok Brothers Sdn Bhd ("KB"), a major shareholder of PPB with direct interest of 40.95% and indirect interest of 0.23%, 0.15%, 0.10%, 0.004% and 0.002% held through Gaintique Sdn Bhd, Jerneh Insurance Berhad, Min Tien & Co. Sdn Bhd, Hoe Sen (Mersing) Sdn Bhd and Jerneh Asia Capital Sdn Bhd respectively;
- (b) Kerry Group Limited ("KGL"), a major shareholder of PPB with indirect interest of 7.60% held through Kerry Holdings Limited ("KHL");
- (c) KHL, a major shareholder of PPB with indirect interest of 4.09%, 3.08%, 0.33% and 0.09% held through Dalex Investments Limited, Natalon Company Ltd, Chipchase Limited and Kerry Asset Management Limited respectively;
- (d) Datuk Oh Siew Nam ("DOSN"), a Director of PPB, has direct interest of 0.01% and indirect interest of 0.06% held through Loish Holdings Sdn Bhd in PPB;
- (e) Mr Ang Guan Seng ("AGS"), a Director of PPB, has indirect interest of 4.24% held through Nai Seng Sdn Bhd and Ang Toon Chew & Sons (M) Sdn Bhd in PPB;
- (f) Dato' Abd Jabid bin Mohd Don ("DAJ"), a past Director of PPB within the preceding 12 months who retired on 9 May 2003, has direct interest of 0.001% and also indirect interest of 0.001% held by his wife, Datin Ramlah bte Ahmad in PPB; and
- (g) Mr Raymond Chow Ting Hsing ("RC"), a Director and major shareholder with indirect interest of 40.2% in Golden Screen Cinemas Sdn Bhd, a 54.2% subsidiary of PPB.

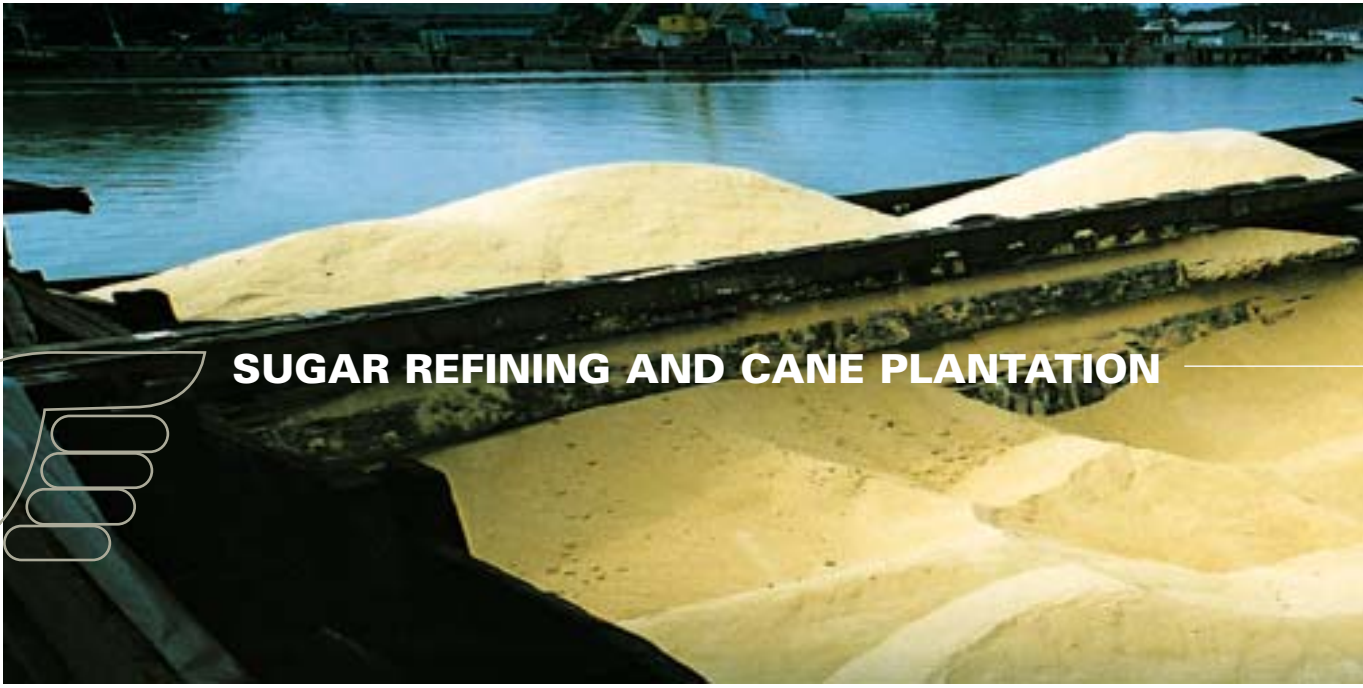


Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting Party	Year 2003 Actual RM'000	Interested related party
Purchase of raw sugar			
• Malayan Sugar Manufacturing Co. Bhd (MSM)	• Kerry Foodstuffs Co. Ltd (KFCL)	232,445	KGL & KHL
Sale of refined sugar			
• MSM	• Hoe Sen (Mersing) S/B	9,514	KB
• MSM	• Min Tien & Co. S/B	22,500	KB
• MSM	• KFCL	1,462	KGL & KHL
• MSM	• Batu Pahat Seng Huat Sdn Bhd	4,093	AGS
Purchase of polypropylene bags			
• MSM	• Tego S/B	1,782	KB & DOSN
Purchase of insurance			
• PPB Group	• Jerneh Insurance Bhd	3,166	KB
Provision of engineering services and quarry operations			
• Minsec Engineering Services S/B	• PPB Oil Palms Bhd Group	2,640	KB
Purchase of edible oils			
• Chemquest Trading (M) S/B	• PGEO Group S/B	1,027	KB
Sale of chemicals			
• Chemquest Trading (M) S/B	• Malayan Adhesives & Chemicals S/B	25,615	KB
• Chemquest Trading (M) S/B	• PT Healthcare Glovindo	2,798	KB
• Asia Pacific Microspheres S/B	• CQ Technology Ltd	8,894	KB
Supply of landfills equipment			
• AWS Sales & Services S/B	• Worldwide Landfills S/B	1,776	KB
Sale of formalin and purchase of phenol			
• Malayan Adhesives & Chemicals S/B	• Tejana Trading Corporation S/B	1,573	DAJ
Purchase of corn			
• FFM Group	• Ban Seng Guan S/B	30,708	AGS
Sale of flour			
• Johor Bahru Flour Mill S/B	• Batu Pahat Seng Huat Sdn Bhd	2,396	AGS
Purchase of soya bean meal			
• FFM Group	• Hoe Seng Chan Sdn Bhd	10,903	AGS
Purchase of crude palm oil			
• PGEO Edible Oils Sdn Bhd	• Perusahaan Minyak Sawit Bintang S/B	35,764	AGS
Purchase of plastics (jerrycans)			
• PGEO Edible Oils Sdn Bhd	• United Plastics S/B	4,413	AGS
Payment of film royalty fee			
• Golden Screen Cinemas Sdn Bhd	• Golden Harvest Entertainment Holdings Ltd Group	1,244	RC



Corporate Structure As At 15 March 2004





SUGAR REFINING AND CANE PLANTATION

MSM
KGFP



Discharging of raw sugar at MSM's jetty in Prai

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

MSM's sugar refinery at Prai, Province Wellesley started operations in 1964 and has become the region's largest sugar refinery with a melting capacity of 2,000 tonnes of raw sugar per day. MSM produces various types of sugar for industrial and household consumption. Its customers consist of major food and beverage industries, confectionaries, hotels, restaurants, food outlets and household consumers. MSM together with KGFP supply approximately 60% of the domestic sugar requirements.



REVIEW OF OPERATIONS

Sugar operations registered a higher profit of RM156.0 million in year 2003 (2002 : RM68.9 million) due to favourable raw material prices and continuous efforts by management to improve operating efficiency.

In 2003, MSM spent RM13.7 million to upgrade its existing plant and machinery as well as to acquire additional bulk containers.

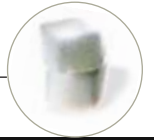
For the year under review, MSM increased its domestic sugar sales by 4.5% but sugar exports reduced slightly from 135,900 mt to 130,600 mt due to lower sales to Indonesia. MSM's domestic sales are dependent on population growth and rising disposal income of consumers.



Membrane filter for brine recovery in affluent treatment



Retail packs stored in the warehouse ready for delivery



PPB's 4,350-hectare sugar cane plantation at Chuping, Perlis which supplies cane to KGFP, harvested 310,628 mt of cane in the 2002/2003 season compared with 273,922 mt of cane in the previous season to contribute about RM15.7 million to the Group.



Palletized and stretch wrapped sugar conveyed to warehouse for storage

LOOKING AHEAD

MSM expects to perform satisfactorily in the coming year if prevailing favourable world raw sugar prices sustain.

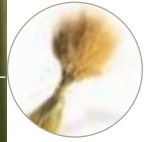


GRAINS TRADING, FLOUR & FEED MILLING

FFM



FFM's grain storage silos at Pulau Indah, Port Klang



PPB Group's grains trading, flour and feed milling activities are held under FFM Berhad (FFM), a 54.23% subsidiary of PPB.

FFM commenced operations in 1966 with the establishment of its first flour mill with a daily wheat milling capacity of 150 mt in Port Klang. Today, FFM has grown to be the largest flour miller in Malaysia, with a total wheat milling capacity of 2,210 mt per day and supplying more than 40% of the country's wheat flour requirements. FFM is also one of the biggest feed millers in Malaysia, operating five feed mills in Peninsular and East Malaysia with a total capacity of 125 mt per hour.



REVIEW OF OPERATIONS

Despite keen competition in an over-capacity industry, the Group's grains trading, flour and feed milling division managed to maintain its profit performance to record profits of RM89.3 million (2002 : RM90.1 million).

For the year 2003, the FFM Group including Vietnam Flour Mills Ltd increased its total flour sales by 2% compared with the previous year. Feed sales also registered an increase of 2% in 2003 from 2002.



LOOKING AHEAD

FFM Group's second flour mill at Pulau Indah, Port Klang commenced construction works in December 2003 and is scheduled for completion in March 2005. This new flour mill with a daily wheat milling capacity of 500 mt will be located next to the existing flour mill in Pulau Indah and is expected to be commissioned in mid-2005. Together these two flour mills would replace FFM's existing production facility in South Port, Port Klang.

In December 2003, FFM also commenced construction of a new feed mill at Pulau Indah and the feed mill is expected to be operational in the second quarter of 2005.

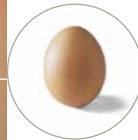


Bag flour palletising system



LIVESTOCK FARMING

FFM FARMS



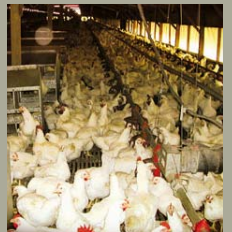
FFM Farms' premium quality eggs known as "Seri Murni" are well received by the market

The Group's Livestock Farming is undertaken by FFM Farms Sdn Bhd (FFM Farms), a wholly-owned subsidiary of FFM Berhad. FFM Farms owns two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah covering a total area of 167 hectares and a layer farm in a 550-acre land at Trong, Taiping.

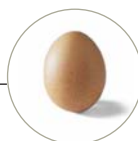


REVIEW OF OPERATIONS

Livestock farming performance recovered in year 2003 to contribute profits of RM4.1 million compared to losses of RM5.8 million in the previous year. The turnaround was due to increased European demand for poultry products from this region resulting from the outbreak of Avian influenza in Holland in the second quarter of 2003.



Eggs are checked and graded for delivery



The layer farm continued its consolidation phase in 2003. The oversupply of table eggs in Malaysia coupled with the sharp increase in feed prices made profit opportunities very challenging. To address the competitive business environment, FFM Farms has embarked on a campaign to aggressively promote its own brand of premium quality eggs known as "Seri Murni" which are well received by the market.

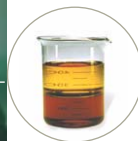
LOOKING AHEAD

FFM Farms will continually look for opportunities to expand its business at the opportune time.



EDIBLE OILS REFINING & TRADING

PGEO



Cooking oil filling machine at PGEO's refinery in Pasir Gudang, Johor

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

PGEO Group has one of the largest refining capacity of 11,700 mt per day in the country with six refineries in Peninsular and East Malaysia. Annually, PGEO Group refines more than 3.0 million mt of edible oils and about 90% is exported overseas namely, India, China, EU countries, Middle East, Pakistan and Russia whilst the balance is sold locally. Its activities are vertically integrated from the conversion of crude oils into refined oil products to production of shortening and hydrogenated products, cocoa butter replacers as well as retail packaging. Majority of these products are exported whilst the cooking oils packed under various brands such as "Neptune" and "Seri Murni" as well as "Blue Team" shortening are marketed locally by FFM Marketing Sdn Bhd, a wholly-owned subsidiary of FFM Bhd.



REVIEW OF OPERATIONS

The refinery operations performed significantly better with profits of RM88.8 million (2002 : RM38.2 million) against a revenue of RM7.0 billion (2002 : RM5.7 billion) due to the higher prices of palm oil and its related products. PGEO Group processed a total of 3.6 million mt of edible oils, representing a marginal increase of 2.4% over the previous year.

The better performance was mainly due to increased demand from the major importing countries such as India and China for palm oil products as a result of its competitive pricing against soyabean oil products which was at high premiums. In September 2003, PGEO Group entered into a joint venture with Volac Limited to take up 51% stake in a joint venture company, Volac Ingredients Sdn Bhd (VISB). VISB expects to commence production of calcium salts for feed ingredients using Palm Fatty Acid Distillate (PFAD) at PGEO Group's factory in Pasir Gudang, Johor by September 2004.



In October 2003, PGEO Group commenced operations of its additional Texturising Plant at Pasir Gudang refinery. PGEO Group also upgraded its thermal oil heating system to high pressure steam system at its Sandakan refinery and will be completing the construction of 6 units of soyabean silos at its Pasir Gudang refinery by 2004.

Bintulu Edible Oils Sdn Bhd ("BEO"), a wholly-owned subsidiary of PGEO Group, expanded its processing capacity at BEO's refinery complex in Bintulu, Sarawak with the installation of an additional 800-mtd physical refining plant and 800-mtd dry fractionation plant. Both plants were commissioned in December 2003 and will enable BEO to cater for the increasing production of crude palm oil in Sarawak and better meet its customers' requirements as well as enhance its competitiveness in the edible oils market.



Packed drums and oil storage tanks at PGEO's refinery

LOOKING AHEAD

PGEO Group continues to undertake measures to improve its productivity and cost efficiencies to stay ahead of competitors.



Texturising fats filling line



PACKAGING

PGEO
TEGO



Steel coil used for drum manufacturing at Pasir Gudang



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

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

Tego manufactures polybags for sugar, flour and industrial chemical products as well as container bags for bulk cargoes. Tego's two factories located in Senawang, Negeri Sembilan supply to the local market whilst its factory in Yangon, Myanmar caters mainly to export market.



REVIEW OF OPERATIONS

Profit contribution from the Packaging Division improved to RM12.8 million (2002 : RM9.6 million) against a 17% increase in revenue to RM116.3 million due to higher demand for steel drums.

The drums manufacturing operation was able to achieve a 17% increase in production due to improved demand from the edible oils and lubricants industries. However, margins for steel drums have been curtailed due to the surge in international steel prices during the second half of 2003.



"Seri Murni" packed oils



LOOKING AHEAD

The local market for polypropylene woven bags does not look encouraging and is expected to remain very competitive and price sensitive in 2004. The situation is worsen with the influx of cheaper fabrics and bags from Indonesia and other Asean countries.

The edible oils packing business is expected to improve in view of the increasing demand for consumer packed products. Sales for steel drums are expected to maintain but margin will be tightened due to the continuous upward trend in international steel prices as a result of the huge demand of steel from China.





OIL PALM PLANTATIONS

Name		Location	Year 1st Planted	PPBOP's Interest (%)	Total Area (ha)	Planted Area (ha)	
						2002	2003
East Malaysia							
1.	Sapi Plantations	Sabah	1981	100	15,722	13,429	14,437
2.	Reka Halus	Sabah	1990	70	5,352	4,651	4,762
3.	Kiabau Plantations	Sabah	1992	100	1,655	1,108	1,283
4.	Sabahmas Plantations	Sabah	1994	100	10,477	9,970	9,351
5.	Hibumas	Sabah	1998	89.8	7,540	3,577	3,416
	Sri Kamusan	Sabah	1999	100	2,832	2,573	1,985
	Aktif Kukuh	Sabah	2003	100	250	-	250
	Jebawang	Sabah	2003	100	403	-	403
	Sekar Imej	Sabah	2003	100	3,642	-	474
6.	Ribubonus	Sabah	2000	100	3,262	2,826	2,833
7.	Saremas	Sarawak	1987	100	12,179	8,547	8,744
8.	Suai Plantations	Sarawak	1978	100	5,674	4,856	4,895
9.	Segarmas Plantations	Sarawak	1994	100	8,715	6,915	7,022
10.	Suburmas Plantations	Sarawak	1995	70	2,314	2,163	2,085
					80,017	60,615	61,940
Indonesia							
1.	Mustika Sembuluh	Kalimantan	2000	90	19,511	2,186	4,692
2.	Tidar Sungkai Sawit	Sumatra	1994	100	10,216	7,522	7,700
3.	Kerry Sawit Indonesia	Kalimantan	2003	90	32,202	-	323
					61,929	9,708	12,715

Remarks: * These comparative figures have been re-stated to include the effects of the changes in accounting policies.

PPBOP



Young palms in the nursery prior to field planting

Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM Million)	
2002	2003	2002	2003	2002	2003	2002*	2003
12,942	12,517	315,157	310,662	24.4	24.8	54.3	56.8
4,647	4,651	128,534	143,157	27.7	30.8	24.2	29.0
1,108	1,108	21,308	24,569	19.2	22.2	2.7	4.2
9,790	9,174	130,121	159,180	13.3	17.4	10.5	18.0
1,069	3,052	5,880	17,064	-	-	(2.7)	(6.9)
-	412	-	2,187	-	-	-	(0.7)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	0.1
-	256	-	1,694	-	-	-	(0.3)
8,061	8,061	169,681	169,982	21.1	21.1	29.4	33.7
3,920	3,697	77,433	79,210	19.8	21.4	7.1	8.1
6,043	6,320	93,767	106,946	15.5	16.9	9.2	14.4
1,883	1,800	37,005	38,426	19.7	21.3	2.3	3.6
49,463	51,047	978,886	1,053,077	19.8	20.6	137.0	160.0
-	-	-	-	-	-	(1.2)	-
5,185	6,094	72,041	97,204	13.9	16.0	13.3	12.1
-	-	-	-	-	-	-	(1.3)
5,185	6,094	72,041	97,204	13.9	16.0	12.1	10.8

Oil palm plantations operation is one of the core businesses of the Group and is held through its 55.6% listed subsidiary, PPB Oil Palms Berhad. In East Malaysia, PPBOP owns and operates ten plantations with a total area of 80,017 hectares and 6 crude palm oil (CPO) mills. In Indonesia, PPBOP owns and operates three plantations, two in Central Kalimantan and the other in West Sumatra, with a total area of 61,929 hectares and one CPO mill.



REVIEW OF OPERATIONS

PPBOP's strong financial performance in 2002 continued into 2003 with pre-tax profit rising 26% to RM199.5 million (2002 : RM158.0 million). The better profit was achieved against a higher revenue of RM468.4 million (2002 : RM404.6 million). The good performance is attributable to the favourable palm product prices and higher production backed by good oil extraction rates.

PPBOP's planted area increased by 6% to 74,655 hectares during the year while the mature area grew by 5% to 57,141 hectares, as 3,800 hectares of young plantings were brought into harvesting. Production of fresh fruit bunches (FFB) improved by 9% to 1,150,300 tonnes while the average yield per mature hectare improved to 20.1 tonnes. The seven mills processed FFB from its own plantations and outside suppliers. During the year, the mills processed 1,325,100 tonnes of FFB, an increase of 5% over 2002. Mill performance continued to be good during the year with oil extraction rate at 21.9% whilst the kernel extraction rate was at 4.6%. CPO output from the mills rose by 4% to 289,535 tonnes as a result of good oil extraction rate and higher throughput.



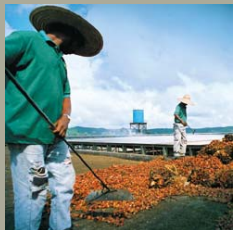
Commodity prices improved due to a convergence of positive factors and at RM1,456 per tonne, the average CPO price realized for 2003 was 12% above the previous year's price of RM1,299 per tonne.

During the year under review, PPBOP expanded its landbank by 35,842 hectares through the acquisitions of Jasa Karya Sdn Bhd (JKSB) and PT Kerry Sawit Indonesia (KSI). JKSB's wholly-owned subsidiary, Sekar Imej Sdn Bhd, owns 3,642 hectares of land proposed for oil palm plantation in the District of Beluran, Sabah. KSI owns two pieces of contiguous land in Central Kalimantan, Indonesia with a total area of about 32,200 hectares, which are being developed into an oil palm plantation.

LOOKING AHEAD

The two new palm oil mills, one in Sabah and the other in Sarawak will be commissioned in 2004, increasing the number of mills to nine, with a total combined throughput of 2.0 million tonnes of FFB per annum.

Barring any unforeseen negative developments in the weather, an increase in FFB production is anticipated during the current year. With more young palms reaching maturity each year and an increasing proportion of mature palms at prime age, crop production can be expected to continue its upward trend. Mill extraction rates are being maintained at favourable levels and CPO output is expected to improve further. The Group will continue to develop its remaining land with oil palm and seek opportunities to further expand its landbank in suitable locations that can enhance and complement its current operations.



Clearing FFB on the receiving ramp at the mill



**ENVIRONMENTAL ENGINEERING,
WASTE MANAGEMENT & UTILITIES**

CWM



Sedimentation tanks for water treatment

Realising the business opportunities presented by the public's growing need for better environmental services, PPB acquired Chemquest Sdn Bhd in 1993. Chemquest Sdn Bhd, a 55% subsidiary of PPB, is involved in environmental engineering, waste management and utilities; chemicals manufacturing and trading; contract manufacturing; engineering services and information technology.

Its environmental engineering, waste management and utilities operations are undertaken by its 99% subsidiary, Chemical Waste Management Sdn Bhd (CWM).



REVIEW OF OPERATIONS

Despite facing a challenging year in the environmental engineering business, CWM registered a pre-tax profit of RM12.0 million (2002 : RM17.0 million) against a lower revenue of RM82.0 million (2002 : RM109.0 million).

In 2003, CWM successfully completed and handed over the following projects with a combined contract value of RM112.0 million:-

- mechanical and electrical works for the New Gadek Water Treatment Plant project in Melaka;
- supplying, laying and commissioning of mild steel pipelines for the Bukit Badong Distribution Supply System (Stage 1) in Selangor; and
- mechanical, electrical and instrumentation works for the Bayan Baru Sewage Treatment Plant in Bayan Baru, Penang. This treatment plant, capable of handling 45,000 cubic metre per day of sewage, is the largest and most modern plant in Malaysia.

In the same year, CWM secured projects totaling RM105 million, all of which are currently in progress. These projects include the construction of a Pumping Station for the Bukit Badong Distribution Supply System (Stage 2) in Selangor; mechanical and engineering works for the Wangsa Maju Pumping Station in Kuala Lumpur and three new

projects at the Sungei Semenyih Water Treatment Plant comprising the construction of a Sludge Treatment Plant; upgrading and rehabilitation of the Chemical Plant; and replacing and upgrading of transformers at the Treatment Plant and the Raw Water Pumping Station. These projects are expected to be completed by 2004.



Inlet and Outlet of Clarifier
for the Sewage Treatment
Plant in Bayan Baru, Penang



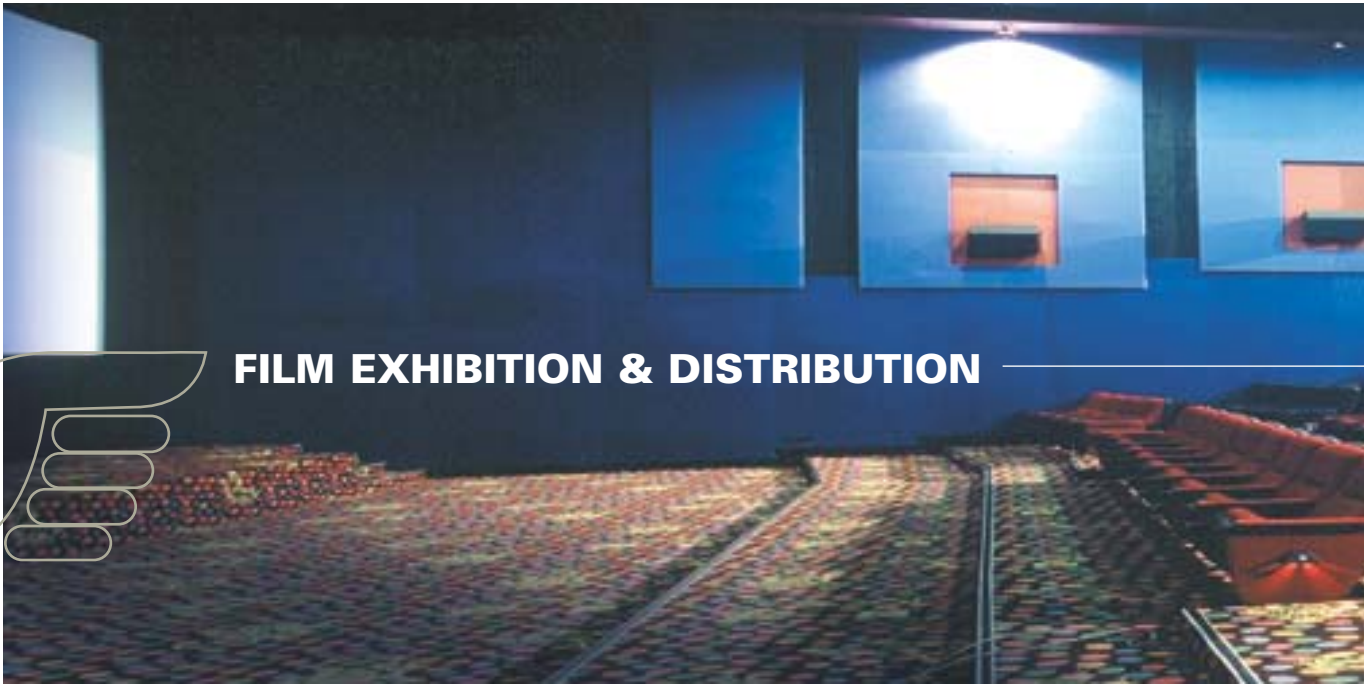
CWM recorded another benchmark achievement by obtaining the ISO 9001:2000 certification for Quality Management. With this certification, CWM is recognized as having internationally accepted standards for quality system in the area of water and wastewater related project management.

With its vast technical expertise and experience in sewage treatment, CWM - successfully assisted Kerry Utilities Limited (KUL), a 50% subsidiary of the Chemquest Group in winning the investment bid for the RMB201 million Lugouqiao Sewage Treatment Plant (Phase 1) in Beijing, China. The sewage treatment plant with a treatment capacity of 100,000 m³/day is constructed in preparation for the Olympics 2008 in Beijing.

LOOKING AHEAD

CWM will continue to focus on organic growth through pre-identified projects and at the same time, proactively explore acquisition and bidding opportunities both locally and overseas for sustainable growth.





FILM EXHIBITION & DISTRIBUTION

GSC



GSC's flagship outlet at Mid Valley is the largest in South East Asia

In 1987, PPB entered into a joint venture agreement with Golden Harvest (International) Limited of Hong Kong to establish Golden Communications (M) Sdn Bhd (now known as Golden Screen Cinemas Sdn Bhd [GSC]).

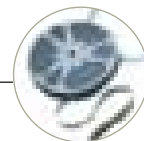
GSC, a 54.2% subsidiary of PPB Group, now operates a total of 86 screens in 16 locations throughout the country including an 18-screen cineplex in Kuala Lumpur, the largest in South East Asia. It is also the largest distributor of Chinese and independent English films.



REVIEW OF OPERATIONS

GSC registered a significant growth in pre-tax profit to achieve RM9.02 million (2002 : RM2.75 million) against a turnover of RM87.75 million (2002 : RM73.68 million) for year 2003. The robust growth is due to the consistent supply of quality films throughout the year. Blockbuster films such as "Terminator 3", "Lord of the Rings : Return of the King", "Finding Nemo", "Matrix Reloaded", "Shanghai Knights" and local films such as "Cinta Kolestrol", "Gila-Gila Pengantin", "Laila Isabella" and "Mistik" increased admissions to 9.6 million from 8.2 million last year.





The clampdown on pirated VCD operators by the Government has also drawn movie-goers back to the cinemas. However, piracy will still remain the biggest threat to the future growth of the cinema industry if enforcement slows down.

During the year under review, GSC continued to improve its customer service and successfully launched its intelligent SMS (iSMS) service

for tickets reservation. The interesting feature of the iSMS is its ability to recommend the next available show time if the customer's requested show time is fully reserved. In its continual commitment to provide customers with utmost comfort and convenience, GSC undertakes annual upgrading programmes to improve its halls and services.

LOOKING AHEAD

In January 2004, GSC opened its 12-screen cineplex at Gurney Plaza, Penang. The cineplex is the largest in Penang and GSC's second flagship outlet after Mid Valley, Kuala Lumpur.

GSC is targeting to open its next cineplex of 9 screens at Berjaya Times Square, Kuala Lumpur, which is an equal joint venture with Berjaya Times Square Sdn Bhd, in the second half of 2004.

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





PROPERTY INVESTMENT & DEVELOPMENT

PPBH



PPBH's Phase I semi-detached houses at Bukit Segar, Cheras were handed over to the homeowners in 2003

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

Cathay Screen Cinemas Group in which PPB Group has 66.2% equity interest, owns and manages various ex-cinema properties and prime lands throughout the country.



REVIEW OF OPERATIONS

During the year under review, the Property subsidiaries contributed higher profits of RM29.5 million (2002 : RM26.7 million) against revenue of RM114.6 million (2002 : RM103.5 million).

PPBH's Phase I and II of the Bukit Segar development comprising 299 units of semi-detached houses, bungalow units and bungalow lots in Taman Segar contributed revenue of RM80.0 million for 2003. Phase I has been completed and handed over to the purchasers in 2003 while the handover of Phase II is scheduled in April 2004. To-date, total sales achieved for both phases is 79% amounting to RM194 million.

During the year, PPBH completed 576 units of low cost houses on a 5-acre land in Taman Segar and handover is expected in April 2004.

In September 2003, PPBH acquired a 29-acre land at Bukit Tengah, Province Wellesley Central for the development of high end residential homes. Application has been submitted to the Majlis Perbandaran Seberang Prai to develop 79 bungalows, 24 semi-detached houses and 12 shophouses.





Seletar Sdn Bhd, another wholly-owned property subsidiary of PPB, completed its residential development at Bedong, Kedah comprising single storey houses priced from RM35,000 to RM188,000. Total sales to-date is estimated at RM31.3 million which covers approximately 80% of its development.



LOOKING AHEAD

PPBH plans to launch its exclusive bungalows with built-up areas ranging from 6,000 to 8,000 sf to be constructed on its remaining land bank of 22 acres in Bukit Segar by 2004.

PPBH is also looking at developing some of the Group's commercial land bank specifically New World Park in Penang.



Financial Review

Review of Financial Results

PPB Group Bhd achieved a consolidated profit before tax of RM707.4 million in 2003, its best financial performance to-date, representing a significant 41% increase from the previous year's Group profit of RM500.7 million.

Revenue for the year grew by 19% from RM7.86 billion to RM9.32 billion in year 2003 mainly due to favourable selling prices of palm oil and its related products, and higher FFB and edible oils production.

At the operating level, the oil palm plantation division contributed substantially higher profits mainly due to favourable prices for its palm products. Despite difficult trading conditions, grains trading, flour and feed milling operations managed to maintain its profits. Sugar refining division recorded higher profits as a result of cheaper raw material costs whilst profit contribution from the edible oils refining and trading division increased significantly due to higher refining margin realised. All other main business activities achieved satisfactory results. The Group also benefited from higher contributions by the associated company engaged in commodities trading.

Profit attributable to shareholders of PPB Group increased by 53% from RM243.0 million to RM371.3 million. Earnings per share also increased from 49.5 sen for 2002 to 75.7 sen for 2003.



Cash Flows

Net cash generated from operating activities increased by 59% from RM332.5 million in 2002 to RM527.4 million in 2003 in line with the higher profit achieved for the financial year under review. The net cash used in investing activities has increased from RM80.9 million to RM 137.0 million in 2003 mainly due to acquisition of shares in new and existing subsidiaries amounting to RM31.3 million and investment in jointly controlled entities of RM27.5 million. Purchases of property, plant and equipment of RM203.5 million were incurred during the year and financed mainly by internal generated funds. The net cash used in financing activities decreased from RM270.2 million to RM140.8 million due to a lower level of dividends being paid to shareholders.

Dividends

The Directors recommend a final dividend of 16 sen per share comprising 11 sen less tax and 5 sen tax exempt, amounting to RM63.4 million. Together with the interim dividend paid of 9 sen per share comprising 5 sen less tax and 4 sen tax exempt, PPB's total dividend payment for the financial year 2003 would be 25 sen per share. Total net dividend would amount to RM100.7 million, a 14% increase from the RM88.3 million paid in 2002 excluding the 25% tax exempt Special Dividend. The net dividend amount represents a payout ratio of 72% of the Company earnings in 2003.

Review Of Financial Situation And Debt

As at 31 December 2003, the Group's borrowings are marginally higher at RM474.8 million compared with RM461.4 million in 2002 out of which 57% amounting to RM273.0 million are bills payable comprising bankers' acceptances used to finance trade operations. The balance of 43% amounting to RM201.8 million and representing a gearing ratio of 7% over shareholders' funds consists of :-

- a. short term loans, revolving credits, overdraft and hire purchase liabilities amounting to RM118.0 million which are repayable within 12 months; and
- b. term loans and hire purchase liabilities totaling RM83.8 million of which majority are repayable between 2 to 5 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 1.75% to 7.50% for the year. The Group's exposure to foreign currency borrowings is minimal at RM121.9 million of which about 89% is USD denominated. The Group maintains a prudent gearing ratio and efficient management of funds.

Group Capital Expenditure In Year 2003

Total capital expenditure incurred during the year amounted to RM223.7 million and the major items are as follows:-

- FFM Group incurred RM32.9 million on the construction of a flour and feed mill at Pulau Indah in Klang ; RM21.5 million on the refinery expansion projects in Bintulu and Sandakan, construction of the texturising plant and soyabean silos at Pasir Gudang refinery.
- PPBOP Group spent RM 44.0 million on new planting and maintenance of immature palms; RM11.0 million for the provision of housing, social amenities and recreational facilities for employees; and RM13.0 million for the construction of two new CPO mills in Sabah and Sarawak; and RM23.0 million for the purchase of motor vehicles, agricultural machinery and implements to speed up mechanisation.
- MSM Group spent RM11 million on upgrading the plant and machinery for its sugar refinery at Prai, Province Wellesley.

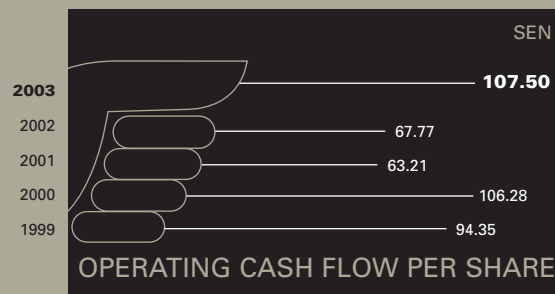
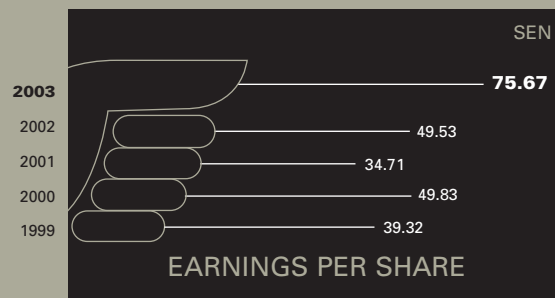
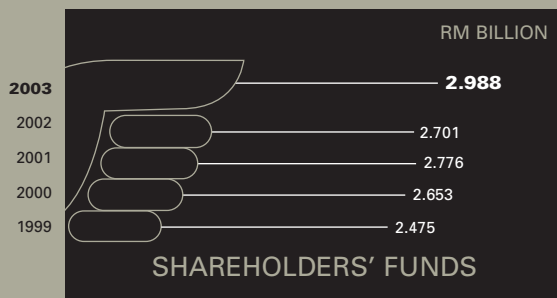
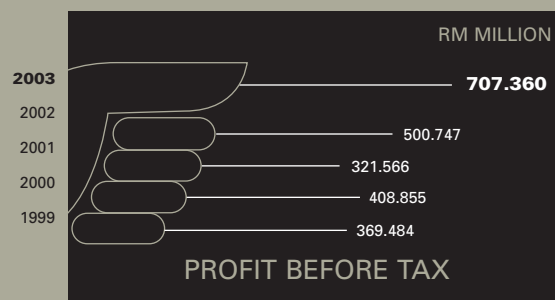
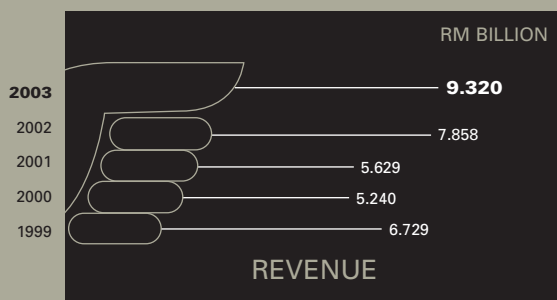


5-Year Financial Statistics

Year ended 31 December		1999	2000	2001	2002*	2003
Revenue	RM Million	6,729.250	5,240.288	5,629.093	7,857.980	9,319.768
Profit from operations	RM Million	438.615	266.292	235.119	377.813	554.572
Profit/(loss) from investing activities	RM Million	(82.600)	111.053	15.962	19.592	39.666
Share of associates' profits less losses	RM Million	40.920	51.181	84.254	117.111	124.644
Profit before tax	RM Million	369.484	408.855	321.566	500.747	707.360
Net profit for the year	RM Million	192.889	244.482	170.302	242.996	371.253
Dividends (net) for the year	RM Million	63.585	58.139	68.688	210.968	100.675
Issued share capital	RM Million	367.967	367.967	490.623	490.623	490.623
Shareholders' funds	RM Million	2,474.555	2,653.469	2,775.528	2,701.372	2,988.027
Total assets employed	RM Million	4,996.860	4,958.795	5,211.283	5,338.335	5,802.758
Earnings per share	Sen	39.32	49.83	34.71	49.53	75.67
KLSE Quotations						
High	RM	3.68	4.58	4.20	4.32	6.55
Low	RM	2.49	2.64	2.50	3.30	3.86
No. of shareholders		8,319	8,504	7,928	8,528	8,673

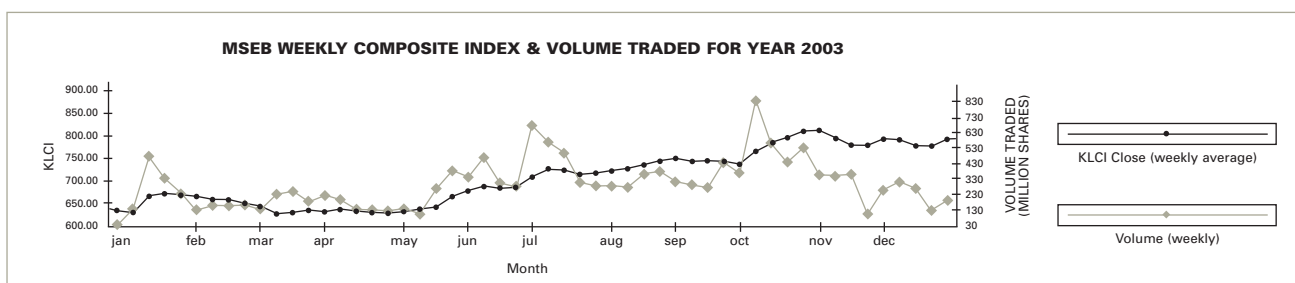
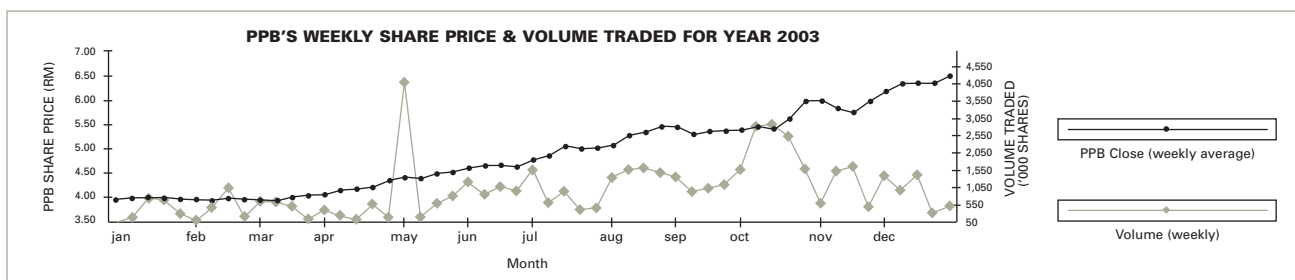
* Comparative figures for 2002 have been restated to comply with *MASB 25-Income Taxes* and the change in accounting policy on Plantation Development Expenditure.

The comparative figures for the years preceding 2002 have not been restated due to impracticability within the constraints of time and cost.





Share Performance Chart



Information On MSEB And PPB Share Price

Year 2003 kicked off on a buoyant note for the MSEB with the KLCI climbing 30 points to a high of 675.87 points in January, driven by the Chinese New Year rally and the government's announcement that ValueCap Sdn Bhd, a RM10 billion asset management company will begin investing in the MSEB. However, the market's good performance was cut short with the emergence of SARS in the region.

Following a lackluster performance in the 1st quarter, KLCI advanced by 8.8% in the 2nd quarter with the release of the Government's economic stimulus package, strong gains on the overseas bourses and the containment of SARS crisis in the region. The market further improved by 6% in the 3rd quarter following the foreign buying of blue chip stocks and better-than-expected 2Q 2003 GDP growth of 4.4%.

In late October, KLCI breached the 800-point threshold to close at 817.12 points, driven by Standard and Poor's upgrade of Malaysia's sovereign credit rating to A- from BBB. However, the re-emergence of SARS in Taiwan and the Government's decision to defer the mammoth RM1.45 billion railway double tracking project dampened local market sentiments in December and the KLCI closed at 793.94 points on the last trading day of 2003, up 23% from 646.32 points in the year before.

PPB shares appreciated steadily throughout the year, reflecting the strong financial performance and investors' confidence in the Group. PPB share price gained 66.24% from RM3.94 in 2002 to RM6.55 on 31 December 2003. Accordingly, PPB's market capitalization improved to RM3.2 billion from RM1.9 billion.

PPB SHARE PRICE FOR YEAR 2003

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Opening price	3.94	4.08	4.62	5.30
Closing price	4.08	4.62	5.30	6.55
High	4.10	4.78	5.60	6.55
Low	3.86	4.00	4.62	5.30

Segmental Analysis



SUGAR — 7.54%

GRAINS & FEED — 7.72%

EDIBLE OILS — 71.20%

OIL PALM — 4.77%

LIVESTOCK — 0.58%

PACKAGING — 1.18%

UTILITIES — 1.08%

CINEMAS — 0.89%

PROPERTY — 1.16%

OTHERS — 3.88%

REVENUE RM9,319.768 MILLION

SUGAR — 2.60%

GRAINS & FEED — 7.48%

EDIBLE OILS — 48.95%

OIL PALM — 8.12%

LIVESTOCK — 0.58%

PACKAGING — 4.05%

UTILITIES — 8.70%

CINEMAS — 4.42%

PROPERTY — 5.66%

OTHERS — 9.44%

LIABILITIES RM557.757 MILLION

SUGAR — 27.40%

GRAINS & FEED — 15.69%

EDIBLE OILS — 15.61%

OIL PALM — 29.52%

LIVESTOCK — 0.72%

PACKAGING — 2.25%

UTILITIES — 0.44%

CINEMAS — 1.80%

PROPERTY — 5.19%

OTHERS — 1.38%

OPERATING PROFITS RM569.746 MILLION

SUGAR — 7.00%

GRAINS & FEED — 17.47%

EDIBLE OILS — 12.80%

OIL PALM — 47.19%

LIVESTOCK — 2.60%

PACKAGING — 0.68%

UTILITIES — 0.40%

CINEMAS — 8.02%

PROPERTY — 0.51%

OTHERS — 3.33%

CAPITAL EXPENDITURE RM223.115 MILLION

SUGAR — 7.94%

GRAINS & FEED — 13.19%

EDIBLE OILS — 21.25%

OIL PALM — 33.05%

LIVESTOCK — 2.85%

PACKAGING — 4.35%

UTILITIES — 1.51%

CINEMAS — 2.49%

PROPERTY — 6.61%

OTHERS — 6.76%

ASSETS RM4,032.140 MILLION

SUGAR Sugar refining & cane plantation

GRAINS & FEED Grains trading, flour and feed milling

EDIBLE OILS Edible oils refining & trading

OIL PALM Oil palm plantations

LIVESTOCK Livestock farming

PACKAGING Packaging

UTILITIES Environmental engineering, waste management & utilities

CINEMAS Film exhibition & distribution

PROPERTY Property investment & development

OTHERS Other operations

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



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 the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 1965 and the Listing Requirements of the Malaysia Securities Exchange Berhad.

In preparing the financial statements for the year ended 31 December 2003 set out on pages 86 to 145 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 27 February 2004.

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 2003.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	536,882	139,299
Profit attributable to minority interests	(165,629)	-
Net profit for the year	371,253	139,299
Unappropriated profit brought forward		
As previously stated	2,009,414	907,099
Prior year adjustment	(81,899)	(3,931)
As restated	1,927,515	903,168
Effect of changes in group structure	(998)	-
Transfer to non-distributable reserves	(2,324)	-
Profit available for appropriation	2,295,446	1,042,467
Dividends	(88,312)	(88,312)
Unappropriated profit carried forward	2,207,134	954,155

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2002, as disclosed in the Directors' report of that year :	
Final dividend of 12.5 sen per share comprising 5 sen tax exempt and 7.5 sen less 28% income tax paid on 29 May 2003	51,025
In respect of the financial year ended 31 December 2003 :	
Interim dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax paid on 26 September 2003	37,287
	<u>88,312</u>

The Directors recommend the payment of a final dividend of 16 sen per share comprising 5 sen tax exempt and 11 sen less 28% income tax in respect of the current financial year.

Together with the interim dividend already paid, the total dividend payment for the financial year ended 31 December 2003 will be 25 sen per share comprising 9 sen tax exempt and 16 sen less 28% income tax.



Directors' Report

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the consolidated statement of changes in equity as set out on page 88 .

SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

DIRECTORS

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

Ong Ie Cheong	<i>(Executive Chairman)</i>
Datuk Oh Siew Nam	<i>(Deputy Chairman)</i>
Dato' Lim Chee Wah	<i>(Executive Director)</i>
Dato Sri Liang Kim Bang	
Ang Guan Seng	
Raja Dato' Seri Abdul Aziz bin Raja Salim	<i>(Appointed on 12 May 2003)</i>
Tan Yew Jin	
Koh Mei Lee	
<i>(Alternate to Tan Yew Jin)</i>	
Michael Oh Aik Teong	
<i>(Alternate to Ang Guan Seng)</i>	
Dato' Abdul Jabid bin Mohd Don	<i>(Retired on 9 May 2003)</i>

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

Raja Dato' Seri Abdul Aziz bin Raja Salim who was appointed a Director during the year, retires at the AGM in accordance with Article 88 and being eligible, offers himself for election as Director.



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 1.1.03	Bought	Sold	As at 31.12.03
Datuk Oh Siew Nam	57,333	-	-	57,333
Tan Yew Jin	13,333	-	-	13,333
Koh Mei Lee (Alternate to Tan Yew Jin)	30,000	-	-	30,000

Name of Director	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			
	As at 1.1.03	Bought	Sold	As at 31.12.03
Ong Ie Cheong	4,000	-	-	4,000
Datuk Oh Siew Nam	280,000	-	-	280,000
Ang Guan Seng	20,574,666	203,580	-	20,778,246
Tan Yew Jin	40,741	-	-	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 1.1.03	Bought	Sold	As at 31.12.03
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 Sri Liang Kim Bang	PPBOP	10,000	-	-	10,000
Tan Yew Jin	PPBOP	15,000	50,000	-	65,000

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			
		As at 1.1.03	Bought	Sold	As at 31.12.03
Datuk Oh Siew Nam	FFM	178,250	-	-	178,250
	PPBOP	36,000	-	-	36,000
Ang Guan Seng	FFM	5,250	-	-	5,250
Tan Yew Jin	FFM	180,625	-	-	180,625
	PPBOP	10,000	-	-	10,000

Name of Director	Option price	Name of Subsidiary Company	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			
			As at 1.1.03	Exercised	Lapsed	As at 31.12.03
Tan Yew Jin	RM2.99	PPBOP	500,000	50,000	450,000	-

FFM = FFM Berhad

PPBOP = PPB Oil Palms Berhad



Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

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

INFORMATION ON THE FINANCIAL STATEMENTS

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

**OTHER STATUTORY INFORMATION**

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

In the opinion of the Directors :-

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

AUDITORS

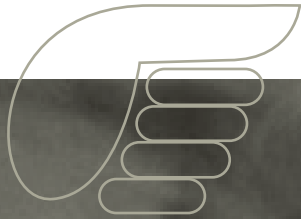
Messrs Moores Rowland have indicated their willingness to continue in office.

On behalf of the Board

ONG IE CHEONG
Executive Chairman

DATUK OH SIEW NAM
Deputy Chairman

Kuala Lumpur
27 February 2004



FINANCIAL STATEMENTS





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Income Statements

For the year ended 31 December 2003

	Note	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Revenue	4	7,857,980	9,319,768	26,196	36,246
Cost of sales	5	(7,198,648)	(8,409,175)	(18,728)	(20,093)
Gross profit		659,332	910,593	7,468	16,153
Other operating income		35,154	32,568	1,614	1,408
Distribution costs		(147,532)	(204,775)	-	-
Administrative and general expenses		(125,838)	(134,799)	(10,641)	(11,539)
Other operating expenses		(43,303)	(49,015)	-	-
Profit from operations	6	377,813	554,572	(1,559)	6,022
Net profit from investing activities	7	19,592	39,666	255,124	165,364
Share of profits less losses of associated companies		117,111	124,644	-	-
Share of profits less losses of jointly controlled entities		102	(38)	-	-
Finance costs	8	(13,871)	(11,484)	(187)	-
Profit before taxation		500,747	707,360	253,378	171,386
Taxation					
- Company and subsidiary companies	9	(102,008)	(149,212)	(37,147)	(32,087)
- Share of taxation of associated companies	9	(20,202)	(21,266)	-	-
- Share of taxation of jointly controlled entities	9	(45)	-	-	-
Profit after taxation		378,492	536,882	216,231	139,299
Minority interests		(135,496)	(165,629)	-	-
Net profit for the year		242,996	371,253	216,231	139,299
Basic earnings per share (sen)	10	49.5	75.7		
Diluted earnings per share (sen)	10	49.4	75.6		
Dividend per share (net of tax)(sen)					
- Interim		7.6	7.6		
- Special		25.0	-		
- Final		10.4	12.9		
		43.0	20.5		

Accounting policies and explanatory notes are set out on pages 92 to 145.
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Balance Sheets

As at 31 December 2003

	Note	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	2,384,123	2,478,584	48,077	48,546
Land held for development	12	14,817	16,679	-	-
Intangible asset	13	37,093	34,779	-	-
Investment in subsidiary companies	14	-	-	1,007,544	1,018,449
Investment in associated companies	15	687,849	535,668	64,558	50,958
Investment in jointly controlled entities	16	314	27,547	-	-
Other investments	17	236,655	412,098	140,644	146,569
Deferred tax assets	18	9,042	7,450	-	-
Amounts due from subsidiary companies	19	-	-	79,443	66,260
CURRENT ASSETS					
Inventories	20	729,666	810,429	10,536	10,612
Land under development	21	44,890	34,439	-	-
Gross amount due from customers	22	5,210	10,735	-	-
Trade receivables	23	368,193	423,760	-	-
Other receivables, deposits and prepayments	24	86,686	84,785	7,038	7,348
Amounts due from subsidiary companies	19	-	-	10,497	7,821
Amounts due from associated companies	25	228,872	170,096	8,168	19,385
Amounts due from jointly controlled entities	16	1,009	9	-	-
Current tax assets		25,384	31,121	6,986	12,407
Deposits	26	433,696	676,404	45,715	93,750
Cash and bank balances	27	44,836	48,175	628	521
		1,968,442	2,289,953	89,568	151,844
Less:					
CURRENT LIABILITIES					
Gross amount due to customers	22	7,384	6,020	-	-
Trade payables	28	266,600	296,295	758	1,105
Other payables and accruals	29	157,933	202,176	1,534	1,751
Amounts due to subsidiary companies	19	-	-	8,652	7,849
Amounts due to associated companies	25	103,603	58,411	40	50
Hire purchase liabilities	30	116	228	-	-
Short term borrowings	31	371,006	381,772	-	-
Bank overdrafts	32	12,122	8,942	-	-
Current tax liabilities		14,830	25,976	-	-
		933,594	979,820	10,984	10,755
NET CURRENT ASSETS					
		1,034,848	1,310,133	78,584	141,089
		4,404,741	4,822,938	1,418,850	1,471,871
Financed by:					
SHARE CAPITAL	33	490,623	490,623	490,623	490,623
SHARE PREMIUM		21,128	21,128	21,128	21,128
NON-DISTRIBUTABLE RESERVES	34	262,106	269,142	-	-
UNAPPROPRIATED PROFIT		1,927,515	2,207,134	903,168	954,155
SHAREHOLDERS' EQUITY		2,701,372	2,988,027	1,414,919	1,465,906
MINORITY INTEREST		1,372,859	1,482,721	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Long term bank loans	35	78,055	83,740	-	-
Hire purchase liabilities	30	93	137	-	-
Deferred income	36	11,187	12,233	-	-
Deferred tax liabilities	37	241,175	256,080	3,931	5,965
		330,510	352,190	3,931	5,965
		4,404,741	4,822,938	1,418,850	1,471,871

Accounting policies and explanatory notes are set out on pages 92 to 145.
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Consolidated Statement Of Changes In Equity

For the year ended 31 December 2003

		Non-distributable							
		Share Capital	Share Premium	Revaluation Reserve	Exchange Translation Reserve	Capital Reserve	Sub-total	Unappropriated Profit	Total
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2002									
As previously stated		490,623	21,140	142,399	23,737	122,939	289,075	1,974,690	2,775,528
Prior year adjustments	38	-	-	(42,479)	-	-	(42,479)	(75,820)	(118,299)
As restated		490,623	21,140	99,920	23,737	122,939	246,596	1,898,870	2,657,229
Effect of changes in group structure	39	-	-	(5,518)	53	12,502	7,037	(15,930)	(8,893)
Translation differences for the year		-	-	-	14,398	-	14,398	-	14,398
Share of reserves of associated companies		-	-	-	(6,191)	3,982	(2,209)	-	(2,209)
Net (losses)/gains not recognised in the income statement		-	-	(5,518)	8,260	16,484	19,226	(15,930)	3,296
Net profit for the year		-	-	-	-	-	-	242,996	242,996
Transfer of reserves		-	-	(4,684)	-	968	(3,716)	3,716	-
Dividends	40	-	-	-	-	-	-	(202,137)	(202,137)
Bonus issue expenses		-	(12)	-	-	-	-	-	(12)
At 31 December 2002		490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	2,701,372
At 1 January 2003									
As previously stated		490,623	21,128	133,300	31,997	140,391	305,688	2,009,414	2,826,853
Prior year adjustments	38	-	-	(43,582)	-	-	(43,582)	(81,899)	(125,481)
As restated		490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	2,701,372
Effect of changes in group structure	39	-	-	(495)	2	586	93	(998)	(905)
Translation differences for the year		-	-	-	7,093	-	7,093	-	7,093
Fair value adjustment		-	-	114	-	-	114	-	114
Share of reserves of associated companies		-	-	-	(2,334)	(254)	(2,588)	-	(2,588)
Net (losses)/gains not recognised in the income statement		-	-	(381)	4,761	332	4,712	(998)	3,714
Net profit for the year		-	-	-	-	-	-	371,253	371,253
Transfer of reserves		-	-	(983)	-	3,307	2,324	(2,324)	-
Dividends	40	-	-	-	-	-	-	(88,312)	(88,312)
At 31 December 2003		490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	2,988,027

Accounting policies and explanatory notes are set out on pages 92 to 145.

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Statement Of Changes In Equity

For the year ended 31 December 2003



	Note	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000
At 1 January 2002					
As previously stated		490,623	21,140	893,082	1,404,845
Prior year adjustment	38	-	-	(4,008)	(4,008)
As restated		490,623	21,140	889,074	1,400,837
Net profit for the year		-	-	216,231	216,231
Dividends	40	-	-	(202,137)	(202,137)
Bonus issue expenses		-	(12)	-	(12)
At 31 December 2002		490,623	21,128	903,168	1,414,919
At 1 January 2003					
As previously stated		490,623	21,128	907,099	1,418,850
Prior year adjustment	38	-	-	(3,931)	(3,931)
As restated		490,623	21,128	903,168	1,414,919
Net profit for the year		-	-	139,299	139,299
Dividends	40	-	-	(88,312)	(88,312)
At 31 December 2003		490,623	21,128	954,155	1,465,906

Accounting policies and explanatory notes are set out on pages 92 to 145.
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Cash Flow Statements

For the year ended 31 December 2003

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	500,747	707,360	253,378	171,386
Adjustments for non-cash items :				
Depreciation	144,996	141,724	1,985	2,388
Property, plant and equipment written off	3,005	2,916	55	6
Impairment in value of property, plant and equipment	1,963	581	-	-
Profit on disposal of property, plant and equipment	(12,369)	(3,929)	(1,120)	(260)
Profit on disposal of a subsidiary company	-	-	-	(3,754)
Loss/(Profit) on disposal of associated companies	2,742	(13,572)	(9,118)	711
Profit on disposal of other investments	-	(87)	-	-
Surplus arising from liquidation of subsidiary companies	(179)	(225)	-	(325)
Deficit arising from liquidation of an associated company	26	3,300	12	-
Impairment in value of investment in a subsidiary company	-	-	4,422	-
Diminution in value/(Write back) of other investments	5,860	(4,986)	61	-
Bad and doubtful debts	1,217	1,893	-	-
Advances to a subsidiary company written off	-	-	217	-
Allowance for doubtful debts in an associated company	1,800	-	-	-
Advances to an associated company written off	-	741	-	-
Share of profits less losses of associated companies	(117,111)	(124,644)	-	-
Share of profits less losses of jointly controlled entities	(102)	38	-	-
Inventories written off	218	178	-	-
Unrealised foreign exchange gain	(8,081)	(2,463)	-	-
Realised foreign exchange gain on capital repayment from an associated company	(111)	-	-	-
Goodwill on acquisition of subsidiary companies amortised and written off	1,985	4,541	-	-
Discount on acquisition of subsidiary companies amortised and written off	(534)	(1,332)	-	-
Interest expense	13,871	11,484	187	-
Dividend income	(5,581)	(5,734)	(246,762)	(158,568)
Interest income	(13,334)	(15,405)	(2,396)	(2,738)
Rental income	(2,436)	(1,719)	(562)	(581)
Operating profit before working capital changes	518,592	700,660	359	8,265
Adjustments for working capital changes :				
Land and development expenditure	2,403	9,746	-	-
Inventories	(139,579)	(80,518)	(369)	(76)
Gross amounts due from/to customers	(16,973)	(6,889)	-	-
Receivables	44,035	24,918	(976)	(740)
Payables	56,557	10,017	(886)	445
Cash generated from/(used in) operations	465,035	657,934	(1,872)	7,894
Tax paid	(132,523)	(130,493)	(574)	(774)
Net cash generated from/(used in) operating activities	332,512	527,441	(2,446)	7,120



	Note	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional shares in subsidiary companies		-	-	(3,850)	(11,440)
Acquisition of shares in new subsidiary companies	41	*	(15,401)	-	-
Acquisition of additional equity interest in existing subsidiary companies		-	(15,882)	-	-
Capital repayment from/(Payment for) liquidation of subsidiary companies		179	(180)	-	-
Investment in associated companies		(5,740)	(8,125)	(100)	-
Proceeds from disposal of a subsidiary company		-	-	-	4,289
Proceeds from disposal of associated companies		59,398	52,905	59,398	-
Payment for liquidation of an associated company		(26)	(3,300)	(12)	-
Additional RPGT paid on disposal of an associated company in prior year		-	(711)	-	(711)
Capital repayment from associated companies		12,141	12,433	-	3,400
Repayment from subsidiary companies		-	-	24,208	6,496
Advances to associated companies		(3,620)	(2,265)	(4,217)	(103)
Repayment from jointly controlled entities		-	1,000	-	-
Return from dissolution of jointly controlled entities		459	277	-	-
Investment in jointly controlled entities		-	(27,547)	-	-
Purchase of other investments		(131)	(9,050)	-	(5,925)
Proceeds from disposal of other investments		-	104	-	-
Purchase of property, plant and equipment	42	(209,522)	(203,531)	(2,524)	(2,748)
Deposits paid for purchase of property, plant and equipment		(10,665)	-	-	-
Proceeds from disposal of property, plant and equipment		23,465	16,896	2,965	265
Dividends received from subsidiary companies		-	-	259,238	125,510
Dividends received from associated companies		32,070	42,867	4,400	6,643
Dividends received from other investments		5,412	5,573	1,930	1,054
Interest received		13,277	15,182	2,337	2,602
Rental received		2,436	1,719	562	581
Net cash (used in)/generated from investing activities		(80,867)	(137,036)	344,335	129,913
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares issued to minority shareholders of subsidiary companies		44,593	34,044	-	-
Revolving credits, bankers' acceptance and export credit refinancing		(59,390)	1,629	(22,000)	-
Bank term loans received		18,668	12,973	-	-
Repayment of bank term loans		(1,653)	(2,349)	-	-
Payment of hire purchase liabilities		(189)	(173)	-	-
Payment of share issue expenses		(12)	-	(12)	-
Repayment to subsidiary companies		-	-	(73,625)	(803)
(Repayment to)/Advances from associated companies		(7)	(8,830)	5	10
Interest paid		(14,502)	(12,236)	(187)	-
Dividends paid to shareholders of the Company		(202,137)	(88,312)	(202,137)	(88,312)
Dividends paid to minority shareholders of subsidiary companies		(55,598)	(77,555)	-	-
Net cash used in financing activities		(270,227)	(140,809)	(297,956)	(89,105)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(18,582)	249,596	43,933	47,928
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		482,082	466,410	2,410	46,343
EFFECT OF EXCHANGE RATE CHANGES		2,910	(369)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD		466,410	715,637	46,343	94,271
Represented by :					
Cash and bank balances		44,836	48,175	628	521
Deposits		433,696	676,404	45,715	93,750
Bank overdrafts		(12,122)	(8,942)	-	-
		466,410	715,637	46,343	94,271

* represents RM2

Accounting policies and explanatory notes are set out on pages 92 to 145.
Auditors' Report - Page 147.



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

(b) Subsidiary companies

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

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

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

(c) Basis of consolidation

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

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

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

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

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

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

(d) Associated companies

The Group treats associated companies as 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.



(d) Associated companies (continued)

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

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

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

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

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

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

(e) Jointly controlled entities

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

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

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

(f) Other investments

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

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



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

(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.

(ii) *Depreciation*

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

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

Replanting expenditure is charged to the income statement when incurred.

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

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

The principal annual rates used for this purpose are:

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

(h) Leases

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

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

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

(i) Development properties

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



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.

(j) Engineering contracts

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

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

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

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

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

(k) Inventories

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

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



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

(l) Receivables

Receivables are stated at cost less allowance for doubtful debts.

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

(m) Impairment of assets

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

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

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

(n) Payables

Payables are stated at cost.

(o) Share capital

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

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

(p) Income recognition

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

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

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

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

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

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

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

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

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



(q) Borrowing costs

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

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

(r) Foreign currencies

(i) *Transactions in foreign currencies*

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

(ii) *Translation of foreign currency financial statements*

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

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

(iii) *Closing rates used*

The closing rates used in translation were as follows:

		2002	2003
		RM	RM
One Australian Dollar	("AUD")	2.17	2.84
One United States Dollar	("USD")	3.80	3.80
One Sterling Pound	("GBP")	6.09	6.34
One Singapore Dollar	("SGD")	2.19	2.23
One Euro	("EUR")	4.02	4.77
One Swiss Franc	("CHF")	2.77	3.11
100 Indian Rupee	("INR")	8.09	8.35
100 Indonesian Rupiah	("IDR")	0.04	0.05
100 Hong Kong Dollars	("HKD")	48.73	48.94
100 Yuan Renminbi	("CNY")	N/A	45.90
100 Japanese Yen	("JPY")	3.20	3.42
100 Thai Baht	("THB")	N/A	9.59
1,000 Vietnamese Dong	("VND")	0.25	0.24

N/A – Not applicable



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

(s) Employee benefits

(i) *Short term employee benefits*

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

(ii) *Equity compensation benefits*

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

(iii) *Post-employment benefits*

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

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

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

(iv) *Termination benefits*

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

(t) Taxation

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

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

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

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

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



(u) Cash equivalents

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

(v) Rounding of amounts

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

(w) Financial instruments

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

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

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

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

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

(x) Disclosure of fair value

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

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

Long term investments

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

Long term borrowings and debts

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

Foreign currency contracts and commodities future contracts

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



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Group does not trade in derivative instruments.

Foreign currency exchange risk

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

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

Interest rate risk

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's fixed deposits and bank borrowings.

Financial Assets

Fixed deposits generate interest income based on prevailing market rates. The Group manages its interest rate risk by placing such deposits on short tenures of less than one year.

Financial Liabilities

The Group minimises its interest rate risk by borrowing as far as possible at a floating rate which varies according to changes in market interest rates. This has enabled the Group to take advantage of cheaper funding during the current low interest rate environment.

Market risk

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

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

Credit risk

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

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



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

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

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

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

Liquidity and cash flow risk

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

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

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

4. REVENUE

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Sales of agricultural produce, food-based products and other goods	7,560,424	9,031,359	26,196	36,246
Contract revenue	114,472	81,834	-	-
Sale of development properties	86,713	95,656	-	-
Collection from cinema operations	74,129	87,872	-	-
Rental from leasing of properties	15,032	17,825	-	-
Waste management and other services rendered	7,210	5,222	-	-
	7,857,980	9,319,768	26,196	36,246

5. COST OF SALES

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Cost of goods sold	6,959,156	8,182,249	18,728	20,093
Contract cost recognised as expense	96,877	70,305	-	-
Cost of development properties sold	63,010	69,497	-	-
Cost of cinema operations	65,720	73,471	-	-
Cost of leasing of properties	10,377	11,147	-	-
Cost of waste management and other services rendered	3,508	2,506	-	-
	7,198,648	8,409,175	18,728	20,093



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

6. PROFIT/(LOSS) FROM OPERATIONS

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Profit/(Loss) from operations is stated after charging:				
Auditors' remuneration				
- current year	967	1,160	41	46
- underprovision in prior year	18	35	-	5
Bad and doubtful debts	2,067	2,642	-	-
Depreciation	144,996	141,724	1,985	2,388
Directors' remuneration				
- Company's directors:				
- fees				
- current year	250	306	147	155
- underprovision in prior year	6	8	6	8
- other emoluments	6,625	8,635	2,385	3,354
- Subsidiary companies' directors:				
- fees				
- current year	665	664	-	-
- underprovision in prior year	38	3	-	-
- other emoluments	10,495	12,778	-	-
Foreign exchange loss				
- realised	417	98	4	-
- unrealised	856	511	-	-
Goodwill on acquisition of subsidiary companies amortised (see note 13)	1,985	1,962	-	-
Inventories written off	218	178	-	-
Loss on disposal of property, plant and equipment	671	2,188	-	-
Operating lease rentals	224	224	-	-
Property, plant and equipment written off	3,005	2,916	55	6
Rental of premises	11,544	13,221	303	334
and crediting:				
Profit on disposal of property, plant and equipment	2,587	1,730	122	151
Allowance for doubtful debts no longer required	850	749	-	-
Foreign exchange gain				
- realised	5,010	3,920	-	-
- unrealised	8,937	2,974	-	-
Discount on acquisition of subsidiary companies amortised (see note 36)	534	580	-	-

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Company's directors	140	160	49	48
Subsidiary companies' directors	225	286	-	-

**7. NET PROFIT FROM INVESTING ACTIVITIES**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Gross dividends from subsidiary companies				
- quoted in Malaysia	-	-	64,405	65,033
- unquoted	-	-	174,800	83,487
Gross dividends from unquoted associated companies	-	-	5,556	8,856
Gross dividends from other investments				
- quoted in Malaysia	736	1,877	254	491
- quoted outside Malaysia	4,845	3,797	1,747	701
- unquoted	-	60	-	-
Interest income	13,334	15,405	2,396	2,738
Rental income	2,436	1,719	562	581
Profit/(Loss) on disposal of				
- a subsidiary company	-	-	-	3,754
- associated companies	(2,742)	13,572	9,118	(711)
- other investments	-	87	-	-
- land and buildings	4,293	4,387	998	109
- a vessel	6,160	-	-	-
Deficit arising from liquidation of an associated company	(26)	(3,300)	(12)	-
Surplus arising from liquidation of subsidiary companies (see note 43)	179	225	-	325
Impairment in value of investment in a subsidiary company	-	-	(4,422)	-
Diminution in value of other investments	(5,860)	-	(61)	-
Diminution in value of other investments written back	-	4,986	-	-
Impairment in value of property, plant and equipment	(1,963)	(581)	-	-
Advances to an associated company written off	-	(741)	-	-
Advances to an associated company provided as doubtful debts	(1,800)	-	-	-
Advances to a subsidiary company written off	-	-	(217)	-
Goodwill on acquisition of subsidiary companies written off	-	(2,579)	-	-
Discount on acquisition of subsidiary companies written off	-	752	-	-
	19,592	39,666	255,124	165,364

8. FINANCE COSTS

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Interest paid and payable on:				
Bankers' acceptance and export credit refinancing	6,941	5,914	-	-
Revolving credits	2,916	1,456	93	-
Advances from subsidiary companies	-	-	94	-
Bank term loans	3,591	3,818	-	-
Bank overdrafts	70	58	-	-
Hire purchase	34	15	-	-
Others	319	223	-	-
	13,871	11,484	187	-



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9. TAXATION

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Malaysian taxation based on results for the year				
Current	90,114	141,108	37,224	35,609
Deferred	3,841	11,301	(77)	2,034
	93,955	152,409	37,147	37,643
Foreign taxation				
Current	299	2,034	-	-
Deferred	3,001	1,413	-	-
	97,255	155,856	37,147	37,643
(Over)/Underprovision in prior years				
Current	(715)	(7,140)	-	(5,556)
Deferred	5,468	496	-	-
	102,008	149,212	37,147	32,087
Group's share of taxation of associated companies				
Malaysian taxation	9,443	10,023		
Foreign taxation	10,759	11,243		
	20,202	21,266		
Group's share of taxation of jointly controlled entities	45	-		

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Accounting profit	383,534	582,754	253,378	171,386
Taxation at applicable tax rate	107,390	163,171	70,946	47,988
Tax effect arising from:				
- non taxable income				
- exempt dividend	(1,427)	(1,691)	(32,668)	(9,700)
- surplus from liquidation of subsidiary companies	(50)	(63)	-	(91)
- profit on disposal of				
- subsidiary company	-	-	-	(1,051)
- associated companies	-	(3,999)	(2,553)	-
- land and buildings	(1,202)	(1,228)	(279)	-
- other investments	-	(24)	-	-
- vessel	(1,725)	-	-	-
- discount on acquisition	(150)	(373)	-	-
- write back of other investments	-	(1,396)	-	-
- others	(5,210)	(8,503)	-	(31)

**9. TAXATION (continued)**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- non-deductible expenses				
- deficit arising from liquidation of an associated company	7	924	-	-
- loss on disposal of associated companies	768	199	-	199
- impairment in value of investment in a subsidiary company	-	-	1,238	-
- diminution in value of other investments	1,641	-	17	-
- advances to a subsidiary company written off	-	-	61	-
- advances to associated companies written off /doubtful debts	504	207	-	-
- goodwill on acquisition	556	1,271	-	-
- others	10,142	9,569	385	329
Utilisation of reinvestment allowance	(17,176)	(8,204)	-	-
Addition to deferred tax assets not recognised	2,793	3,565	-	-
Effect of different tax rate in other countries	280	2,292	-	-
Unavailable group relief	114	139	-	-
(Over)/Underprovision in prior years	4,753	(6,644)	-	(5,556)
	<u>102,008</u>	<u>149,212</u>	<u>37,147</u>	<u>32,087</u>

Subject to agreement with the Inland Revenue Board, based on the estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, approximately RM739.769 million of the unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability. The balance of the unappropriated profit of RM214.386 million is not covered by the tax credit, therefore, any distribution in excess of RM739.769 million would incur additional tax liability.

10. EARNINGS PER SHARE**Basic earnings per share**

The basic earnings per share has been calculated by dividing the Group's net profit for the year of RM371.253 million (2002 : RM242.996 million) and 490.623 million shares (2002 : 490.623 million shares) in issue during the financial year.

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 (2002 : 490.623 million shares) in issue during the financial year. The adjusted net profit is calculated as follows:

	2002 RM'000	2003 RM'000
Net profit for the year	242,996	371,253
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the year	(767)	(346)
Adjusted net profit for the year	<u>242,229</u>	<u>370,907</u>



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11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessel	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Cost/Valuation								
At 1.1.2003								
- cost	326,468	792,600	380,587	1,112,442	92,828	157,922	69,377	2,932,224
- valuation	8,702	464,305	111,784	31,309	-	-	-	616,100
	335,170	1,256,905	492,371	1,143,751	92,828	157,922	69,377	3,548,324
Fair value adjustment *	291	-	-	-	-	-	-	291
Additions	4,190	50,452	7,300	36,249	9,596	6,941	108,983	223,711
Additions via acquisition of subsidiary companies	-	26,845	-	1	2	1	-	26,849
Disposals								
- cost	(4)	(4,721)	(1,026)	(33,587)	(5,852)	(2,912)	(657)	(48,759)
- valuation	-	(331)	-	-	-	-	-	(331)
Exchange adjustments - cost	-	8,732	1,167	5,399	9	594	155	16,056
Reclassifications - cost	1,887	28,422	496	102,054	36,691	(75,057)	(94,493)	-
Transfer to land under development (see note 21)								
- cost	(15)	-	-	-	-	-	-	(15)
- valuation	(2,088)	-	-	-	-	-	-	(2,088)
Write-offs								
- cost	(109)	(562)	(3,380)	(3,265)	(499)	(1,601)	(29)	(9,445)
- valuation	(117)	(489)	-	-	-	-	-	(606)
At 31.12.2003	339,205	1,365,253	496,928	1,250,602	132,775	85,888	83,336	3,753,987
- cost	332,708	901,768	385,144	1,219,293	132,775	85,888	83,336	3,140,912
- valuation	6,497	463,485	111,784	31,309	-	-	-	613,075
	339,205	1,365,253	496,928	1,250,602	132,775	85,888	83,336	3,753,987

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



11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessel	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Accumulated depreciation								
At 1.1.2003								
As previously stated								
- cost	30,470	75,457	117,955	650,567	21,175	109,688	-	1,005,312
- valuation	1,121	22,028	42,665	25,450	-	-	-	91,264
	31,591	97,485	160,620	676,017	21,175	109,688	-	1,096,576
Prior year adjustment (see note 38)								
- cost	-	31,432	11,401	-	-	-	-	42,833
- valuation	-	14,760	8,069	-	-	-	-	22,829
As restated								
- cost	30,470	106,889	129,356	650,567	21,175	109,688	-	1,048,145
- valuation	1,121	36,788	50,734	25,450	-	-	-	114,093
	31,591	143,677	180,090	676,017	21,175	109,688	-	1,162,238
Charge for the year								
- cost	4,412	21,725	13,485	82,512	10,706	7,534	-	140,374
- valuation	-	2,283	1,980	773	-	-	-	5,036
Disposals								
- cost	-	(409)	(846)	(23,601)	(4,877)	(2,220)	-	(31,953)
- valuation	-	(116)	-	-	-	-	-	(116)
Exchange adjustments - cost	-	2,438	957	1,727	-	240	-	5,362
Reclassification - cost	89	42	(163)	30,037	24,861	(54,866)	-	-
Transfer to land under development (see note 21)								
- cost	(15)	-	-	-	-	-	-	(15)
- valuation	(932)	-	-	-	-	-	-	(932)
Write-offs								
- cost	(54)	(362)	(2,438)	(2,690)	(266)	(1,220)	-	(7,030)
- valuation	-	(105)	-	-	-	-	-	(105)
At 31.12.2003	35,091	169,173	193,065	764,775	51,599	59,156	-	1,272,859
- cost	34,902	130,323	140,351	738,552	51,599	59,156	-	1,154,883
- valuation	189	38,850	52,714	26,223	-	-	-	117,976
	35,091	169,173	193,065	764,775	51,599	59,156	-	1,272,859



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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles and vessel	Furniture, fittings, office and other equipments	Capital work in progress	Total
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Accumulated impairment losses								
At 1.1.2003								
- cost	-	335	-	1,556	-	72	-	1,963
- valuation	-	-	-	-	-	-	-	-
	-	335	-	1,556	-	72	-	1,963
Charge for the year - cost	-	581	-	-	-	-	-	581
Reclassification - cost	-	-	-	(52)	-	52	-	-
At 31.12.2003	-	916	-	1,504	-	124	-	2,544
- cost	-	916	-	1,504	-	124	-	2,544
- valuation	-	-	-	-	-	-	-	-
	-	916	-	1,504	-	124	-	2,544
Net book value at 31.12.2003	304,114	1,195,164	303,863	484,323	81,176	26,608	83,336	2,478,584
- cost	297,806	770,529	244,793	479,237	81,176	26,608	83,336	1,983,485
- valuation	6,308	424,635	59,070	5,086	-	-	-	495,099
	304,114	1,195,164	303,863	484,323	81,176	26,608	83,336	2,478,584
Net book value at 31.12.2002	303,579	1,112,893	312,281	466,178	71,653	48,162	69,377	2,384,123
- cost	295,998	685,376	251,231	460,319	71,653	48,162	69,377	1,882,116
- valuation	7,581	427,517	61,050	5,859	-	-	-	502,007
	303,579	1,112,893	312,281	466,178	71,653	48,162	69,377	2,384,123
Depreciation charged for the year ended 31.12.2002	4,739	21,223	16,493	84,711	5,981	15,482	-	148,629
<i>The net book value of revalued assets stated under the historical cost convention</i>								
At 31.12.2003	3,545	172,585	50,277	2,383	-	-	-	228,790
At 31.12.2002	3,593	175,082	51,786	3,236	-	-	-	233,697



11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipments	Total
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Cost/Valuation							
At 1.1.2003							
- cost	7,589	36,904	-	13,221	5,597	2,108	65,419
- valuation	-	21,423	-	-	-	-	21,423
	7,589	58,327	-	13,221	5,597	2,108	86,842
Additions	-	962	-	1,283	417	206	2,868
Disposals - cost	-	-	-	-	(491)	(49)	(540)
Write-offs - cost	-	(95)	-	(117)	(34)	(97)	(343)
Reclassification - cost	145	(175)	-	30	-	-	-
At 31.12.2003	7,734	59,019	-	14,417	5,489	2,168	88,827
- cost	7,734	37,596	-	14,417	5,489	2,168	67,404
- valuation	-	21,423	-	-	-	-	21,423
	7,734	59,019	-	14,417	5,489	2,168	88,827
Accumulated depreciation							
At 1.1.2003							
- cost	-	14,033	-	12,958	4,230	1,591	32,812
- valuation	-	5,953	-	-	-	-	5,953
	-	19,986	-	12,958	4,230	1,591	38,765
Charge for the year - cost	-	989	-	389	483	270	2,131
- valuation	-	257	-	-	-	-	257
Disposals - cost	-	-	-	-	(491)	(44)	(535)
Write-offs - cost	-	(95)	-	(111)	(34)	(97)	(337)
Reclassification - cost	-	(32)	-	32	-	-	-
At 31.12.2003	-	21,105	-	13,268	4,188	1,720	40,281
- cost	-	14,895	-	13,268	4,188	1,720	34,071
- valuation	-	6,210	-	-	-	-	6,210
	-	21,105	-	13,268	4,188	1,720	40,281



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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipments	Total
	Freehold RM'000	Long leasehold RM'000	Short leasehold RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Net book value at 31.12.2003	7,734	37,914	-	1,149	1,301	448	48,546
- cost	7,734	22,701	-	1,149	1,301	448	33,333
- valuation	-	15,213	-	-	-	-	15,213
	<u>7,734</u>	<u>37,914</u>	<u>-</u>	<u>1,149</u>	<u>1,301</u>	<u>448</u>	<u>48,546</u>
Net book value at 31.12.2002	7,589	38,341	-	263	1,367	517	48,077
- cost	7,589	22,871	-	263	1,367	517	32,607
- valuation	-	15,470	-	-	-	-	15,470
	<u>7,589</u>	<u>38,341</u>	<u>-</u>	<u>263</u>	<u>1,367</u>	<u>517</u>	<u>48,077</u>
Depreciation charged for the year ended 31.12.2002	-	1,145	-	138	428	274	1,985
<i>The net book value of revalued assets stated under the historical cost convention</i>							
At 31.12.2003	-	3,715	-	-	-	-	3,715
At 31.12.2002	-	3,777	-	-	-	-	3,777
Included in additions to property, plant and equipment during the financial year are the following expenses capitalised:						Group 2002 RM'000	Group 2003 RM'000
Interest expense						631	150
Depreciation						3,633	3,686
Included in property, plant and equipment are assets acquired under unexpired hire purchase arrangements with net book value as follows:							
Motor vehicles						334	680

Title deeds to certain of the Group's land and buildings costing RM94.099 million (2002 : RM98.131 million) have yet to be issued by the relevant authorities.

Short leasehold land and building of the Group with a net book value of RM4.834 million (2002 : RM4.868 million) have been charged to partially secure the SGD denominated loan referred to in note 35 below.

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

**12. LAND HELD FOR DEVELOPMENT**

	Group 2002 RM'000	Group 2003 RM'000
Long leasehold land, at cost	263	263
Development expenditure, at cost	14,554	16,416
	<u>14,817</u>	<u>16,679</u>

13. INTANGIBLE ASSET

	Group 2002 RM'000	Group 2003 RM'000
Goodwill on acquisition of subsidiary companies		
Cost		
At 1 January	48,666	48,671
Arising from acquisitions during the year	5	2,227
Impaired goodwill written off	-	(2,631)
At 31 December	<u>48,671</u>	<u>48,267</u>
Accumulated amortisation		
At 1 January	9,593	11,578
Amortisation for the year	1,985	1,962
Written off	-	(52)
At 31 December	<u>11,578</u>	<u>13,488</u>
Net book value at 31 December	<u>37,093</u>	<u>34,779</u>

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2002 RM'000	Company 2003 RM'000
Shares quoted in Malaysia at cost	695,151	695,151
Unquoted shares at cost	311,438	322,343
Unquoted shares at valuation	5,377	5,377
	<u>1,011,966</u>	<u>1,022,871</u>
Impairment loss on unquoted shares	(4,422)	(4,422)
	<u>1,007,544</u>	<u>1,018,449</u>
Market value of quoted shares	<u>1,338,938</u>	<u>1,737,456</u>

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

The subsidiary companies are listed in note 52.



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15. INVESTMENT IN ASSOCIATED COMPANIES

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Unquoted shares at cost	308,883	160,558	64,558	50,958
Group's share of post-acquisition reserves and retained profits less losses	378,966	375,110	-	-
	<u>687,849</u>	<u>535,668</u>	<u>64,558</u>	<u>50,958</u>

The equity interest in associated companies is represented by :

Share of net assets of associated companies	702,302	560,964
Discount less premium on acquisition	(14,453)	(25,296)
	<u>687,849</u>	<u>535,668</u>

The associated companies are listed in note 53.

16. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group 2002 RM'000	Group 2003 RM'000
Capital contribution, at cost	-	27,547
Group's share of retained profits less losses	314	-
	<u>314</u>	<u>27,547</u>

The equity interest in jointly controlled entities is represented by :

Share of net assets of jointly controlled entities	<u>314</u>	<u>27,547</u>
--	------------	---------------

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

Assets and liabilities

Non-current assets	326	27,547
Current assets	1,463	9
Current liabilities	(1,475)	(9)
Net assets	<u>314</u>	<u>27,547</u>

Results

Revenue	19,202	11
Cost of sales	(19,014)	(59)
Gross profit / (loss)	188	(48)
Other operating income	61	10
Administrative expenses	(147)	-
Net profit / (loss) for the year	<u>102</u>	<u>(38)</u>

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

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

The jointly controlled entities are listed in note 54.

**17. OTHER INVESTMENTS**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Shares quoted in Malaysia at cost	38,374	205,753	30,011	35,936
Diminution in value	(3,240)	(2,960)	(61)	(61)
	35,134	202,793	29,950	35,875
Shares quoted outside Malaysia at cost	188,531	188,627	98,379	98,379
Diminution in value	(9,462)	(4,781)	-	-
	179,069	183,846	98,379	98,379
Unquoted shares at cost	25,027	27,959	14,815	14,815
Diminution in value	(2,575)	(2,500)	(2,500)	(2,500)
	22,452	25,459	12,315	12,315
	236,655	412,098	140,644	146,569
Market values of shares				
- quoted in Malaysia	22,594	290,705	13,867	23,231
- quoted outside Malaysia	137,101	203,403	59,511	85,566
	159,695	494,108	73,378	108,797

18. DEFERRED TAX ASSETS

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
At beginning of the year				
As previously stated	-	-	-	-
Prior year adjustment (see note 38)	10,778	9,042	-	-
As restated	10,778	9,042	-	-
Exchange translation differences	-	715	-	-
Arising from acquisition of subsidiary company	-	38	-	-
Reversal during the year	(1,736)	(2,345)	-	-
At end of the year	9,042	7,450	-	-

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



Accounting Policies And Explanatory Notes

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18. DEFERRED TAX ASSETS (continued)

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Tax effects of				
- Tax losses	19,266	20,274	-	-
- Unabsorbed capital allowances	26,853	18,581	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	(35,783)	(30,124)	-	-
- Surplus on revaluation of land and buildings	(1,352)	(1,286)	-	-
- Other temporary differences	58	5	-	-
	<u>9,042</u>	<u>7,450</u>	-	-

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Tax losses	2,950	6,879	-	-
Unabsorbed capital allowances	6,889	7,493	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	-	(115)	-	-
Excess of accumulated depreciation over capital allowances	105	-	-	-
Other temporary differences	(7)	48	-	-
	<u>9,937</u>	<u>14,305</u>	-	-

19. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIESAmounts 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 2002 RM'000	Company 2003 RM'000
Bearing interest at 2.8% (2002 : 2.8%)	44,040	35,820
Interest free	<u>35,403</u>	<u>30,440</u>
	<u>79,443</u>	<u>66,260</u>

Amounts due from subsidiary companies included under current assets

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

	Company 2002 RM'000	Company 2003 RM'000
Interest free	1,159	7,821
Dividends receivable	<u>9,338</u>	<u>-</u>
	<u>10,497</u>	<u>7,821</u>

Amounts due to subsidiary companies included under current liabilities

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

**20. INVENTORIES**

	2002			2003		
	At cost	At net realisable value	Total	At cost	At net realisable value	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Raw materials	323,640	4,182	327,822	377,690	-	377,690
Work-in-progress	19,233	135	19,368	19,336	225	19,561
Finished goods	182,014	129,349	311,363	135,515	202,161	337,676
Sundry stores and consumables	56,733	-	56,733	60,146	1,264	61,410
Livestock	2,273	4,165	6,438	6,196	100	6,296
Unharvested cane crop	7,942	-	7,942	7,796	-	7,796
	<u>591,835</u>	<u>137,831</u>	<u>729,666</u>	<u>606,679</u>	<u>203,750</u>	<u>810,429</u>
Company						
Unharvested cane crop	7,942	-	7,942	7,796	-	7,796
Sundry stores and consumables	2,594	-	2,594	2,816	-	2,816
	<u>10,536</u>	<u>-</u>	<u>10,536</u>	<u>10,612</u>	<u>-</u>	<u>10,612</u>

21. LAND UNDER DEVELOPMENT

	Group 2002 RM'000	Group 2003 RM'000
Freehold land		
- at cost	18,083	8,604
- at valuation	-	1,156
Development and construction costs	<u>107,217</u>	<u>82,771</u>
	125,300	92,531
Attributable profit recognised to-date	<u>29,603</u>	<u>13,434</u>
	154,903	105,965
Progress billings to-date	<u>(110,013)</u>	<u>(71,526)</u>
	44,890	34,439
Progress billings comprise :		
Progress billings		
- received	102,299	63,977
- receivable	7,714	7,549
	<u>110,013</u>	<u>71,526</u>



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22. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group 2002 RM'000	Group 2003 RM'000
Aggregate contract expenditure incurred to-date	373,183	315,664
Attributable profit recognised to-date	37,084	25,588
	410,267	341,252
Progress billings to-date	(412,441)	(336,537)
	(2,174)	4,715
Gross amount due from customers	5,210	10,735
Gross amount due to customers	(7,384)	(6,020)
	(2,174)	4,715
Progress billings comprise :		
Progress billings		
- received	390,468	318,664
- receivable	20,494	15,892
Retention sums	1,479	1,981
	412,441	336,537
Advances received for contract work not yet performed by the Group included under :		
- amounts owing to associated companies (see note 25)	-	6,431
- other payables (see note 29)	-	1,000
	-	7,431

23. TRADE RECEIVABLES

	Group 2002 RM'000	Group 2003 RM'000
Related parties other than associated companies	11,045	26,666
Others	365,757	407,183
	376,802	433,849
Allowance for doubtful debts	(8,609)	(10,089)
	368,193	423,760

The currency exposure profile of trade receivables is as follows:

- RM	284,899	339,540
- USD	66,676	63,290
- GBP	1	-
- SGD	13,550	15,697
- EUR	535	944
- INR	26	22
- IDR	419	404
- HKD	300	405
- JPY	351	-
- VND	1,436	3,458
	368,193	423,760

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

**24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Other receivables	53,608	52,363	6,737	6,872
Interest receivables	60	223	59	219
Surplus assets yet to be distributed by subsidiary companies under liquidation	867	2,388	-	-
Proceeds from disposal of property, plant and equipment	3,600	3,574	-	-
	58,135	58,548	6,796	7,091
Allowance for doubtful debts	(1,171)	(1,115)	(67)	(67)
	56,964	57,433	6,729	7,024
Deposits held by				
- associated companies of Kuok Brothers Sdn Bhd, a major shareholder of the Company				
- Pelangi Berhad	477	389	-	-
- Jerneh Insurance Berhad	250	250	69	69
- others	6,979	7,124	89	87
Margin deposits with Malaysian Derivatives Clearing House Berhad	8,496	14,041	-	-
Deposits for purchase of property, plant and equipment	10,665	760	-	-
	26,867	22,564	158	156
Prepayments	2,855	4,788	151	168
	86,686	84,785	7,038	7,348

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	75,561	70,294	7,038	7,348
- USD	2,652	4,180	-	-
- SGD	357	141	-	-
- INR	642	-	-	-
- IDR	5,349	8,794	-	-
- HKD	298	-	-	-
- VND	1,827	1,376	-	-
	86,686	84,785	7,038	7,348



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25. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIESAmounts due from associated companies included under current assets

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Trade balances	219,318	149,195	2,081	2,995
Advances				
- bearing interest at 3.8% (2002 : 3.8%)	2,624	2,727	2,624	2,727
- bearing interest at 5.45% (2002 : 7.0%)	378	1,507	-	-
- interest free	8,352	16,667	3,463	13,663
	230,672	170,096	8,168	19,385
Allowance for doubtful debts	(1,800)	-	-	-
	228,872	170,096	8,168	19,385

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

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	16,890	33,311	8,168	19,385
- USD	211,553	136,407	-	-
- SGD	429	378	-	-
	228,872	170,096	8,168	19,385

Amounts due to associated companies included under current liabilities

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Trade balances	94,387	51,412	-	-
Contract advances received (see note 22)	-	6,431	-	-
Interest free advances	9,216	568	40	50
	103,603	58,411	40	50

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

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	86,008	30,464	40	50
- USD	17,595	27,944	-	-
- SGD	-	3	-	-
	103,603	58,411	40	50



26. DEPOSITS

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Deposits with licensed banks				
- in Malaysia	161,571	417,862	34,533	85,113
- outside Malaysia	142,185	117,604	-	-
Deposits with other financial institutions in Malaysia	129,940	140,938	11,182	8,637
	<u>433,696</u>	<u>676,404</u>	<u>45,715</u>	<u>93,750</u>

The currency exposure profile of deposits is as follows:

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	287,180	558,421	45,715	93,750
- USD	143,972	115,698	-	-
- GBP	9	10	-	-
- HKD	1,585	-	-	-
- IDR	950	2,275	-	-
	<u>433,696</u>	<u>676,404</u>	<u>45,715</u>	<u>93,750</u>

The effective interest rates range from 0.77% to 3.20% (2002 :1.00% to 4.00%). All the deposits have maturities of less than one year.

27. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM4.680 million (2002: RM5.090 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	30,887	36,604	628	521
- USD	4,844	7,395	-	-
- GBP	7	-	-	-
- SGD	271	100	-	-
- IDR	4,456	79	-	-
- HKD	1,701	609	-	-
- VND	2,670	3,121	-	-
- CNY	-	266	-	-
- JPY	-	1	-	-
	<u>44,836</u>	<u>48,175</u>	<u>628</u>	<u>521</u>



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28. TRADE PAYABLES

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Related parties other than subsidiary and associated companies	2,248	1,813	-	-
Others	264,352	294,482	758	1,105
	<u>266,600</u>	<u>296,295</u>	<u>758</u>	<u>1,105</u>

The currency exposure profile of trade payables is as follows:

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	227,374	265,489	758	1,105
- AUD	111	-	-	-
- USD	32,724	17,924	-	-
- SGD	3,521	3,646	-	-
- EUR	1,354	1,619	-	-
- CHF	7	-	-	-
- JPY	1,068	2,614	-	-
- VND	47	95	-	-
- IDR	394	4,888	-	-
- HKD	-	1	-	-
- THB	-	19	-	-
	<u>266,600</u>	<u>296,295</u>	<u>758</u>	<u>1,105</u>

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

29. OTHER PAYABLES AND ACCRUALS

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Other payables	80,221	107,283	530	726
Unpaid property, plant and equipment acquired	3,150	16,016	-	120
Accruals	69,340	72,574	838	816
Contract advances received (see note 22)	-	1,000	-	-
Tenants and other deposits	5,222	5,303	166	89
	<u>157,933</u>	<u>202,176</u>	<u>1,534</u>	<u>1,751</u>

**29. OTHER PAYABLES AND ACCRUALS (continued)**

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
- RM	141,811	161,859	1,534	1,704
- USD	8,111	8,511	-	-
- SGD	4,422	5,810	-	-
- IDR	2,821	3,117	-	-
- HKD	239	4,386	-	-
- GBP	-	17,280	-	-
- JPY	6	-	-	-
- VND	523	1,026	-	-
- THB	-	47	-	47
- CNY	-	13	-	-
- EUR	-	127	-	-
	<u>157,933</u>	<u>202,176</u>	<u>1,534</u>	<u>1,751</u>

30. HIRE PURCHASE LIABILITIES

	Group 2002 RM'000	Group 2003 RM'000
Outstanding hire purchase instalments due:		
- not later than one year	123	244
- later than one year but not later than five years	99	146
	<u>222</u>	<u>390</u>
Unexpired term charges	(13)	(25)
Outstanding principal amount due	<u>209</u>	<u>365</u>
Outstanding principal amount due not later than one year (<i>included under current liabilities</i>)	<u>116</u>	<u>228</u>
Outstanding principal amount due later than one year but not later than five years	<u>93</u>	<u>137</u>

The effective interest rates of the hire purchase liabilities are between 3.5% and 7.3% (2002: 5% and 6%) per annum.

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

- RM	67	301
- SGD	142	64
	<u>209</u>	<u>365</u>



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31. SHORT TERM BORROWINGS

	Group 2002 RM'000	Group 2003 RM'000
Secured :		
Current portion of long term bank loans (see note 35)	357	374
Unsecured :		
Bankers' acceptance	304,268	272,963
Revolving credits	40,550	69,700
Bank term loans	21,193	29,082
Current portion of long term bank loans (see note 35)	4,638	9,653
	<u>371,006</u>	<u>381,772</u>

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

- RM	346,024	342,663
- USD	16,732	28,911
- SGD	357	374
- VND	7,893	9,824
	<u>371,006</u>	<u>381,772</u>

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

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

	Group 2002 %	Group 2003 %
Bankers' acceptance	2.78 - 7.40	2.86 - 6.75
Revolving credits	3.45 - 4.65	3.30 - 3.50
Bank term loans	2.35 - 8.38	2.95 - 6.75

32. BANK OVERDRAFTS (UNSECURED)

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable were between 6.0% and 7.50% (2002: between 4.25% and 8.40%).

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

	Group 2002 RM'000	Group 2003 RM'000
- RM	11,067	7,282
- SGD	1,055	1,660
	<u>12,122</u>	<u>8,942</u>

33. SHARE CAPITAL

	2002 RM'000	2003 RM'000
Authorised:		
5,000,000,000 Ordinary shares of RM1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
490,623,124 Ordinary shares of RM1 each	<u>490,623</u>	<u>490,623</u>

**34. NON-DISTRIBUTABLE RESERVES**

	Group 2002 RM'000	Group 2003 RM'000
Revaluation reserve	89,718	88,354
Exchange translation reserve	31,997	36,758
Capital reserve	140,391	144,030
	<u>262,106</u>	<u>269,142</u>
Details of capital reserve are as follows:		
Share of capital reserves of associated companies	50,927	53,845
Share premium of subsidiary companies arising from shares issued to minority shareholders	68,463	69,051
Transferred from unappropriated profit arising from :		
- bonus issue of subsidiary companies	1,946	1,946
- gain from disposal of landed properties	19,055	19,188
	<u>140,391</u>	<u>144,030</u>

35. LONG TERM BANK LOANS

	Group 2002 RM'000	Group 2003 RM'000
<i>Secured :</i>		
SGD denominated loan bearing interest at 4.5% (1st year), 4.75% (2nd year), 0.25% above the bank's prime rate (3rd year) and 0.50% above the bank's prime rate (4th year onwards), respectively, (effective interest rate at 31 December : 4.75% (2002: 4.50%)), repayable by 120 monthly instalments commencing May 2002	3,320	3,109
<i>Unsecured :</i>		
USD denominated loan bearing interest at 0.70% above Singapore Interbank Offer Rate ("SIBOR") (effective interest rate: 1.81% (2002: 2.04%)) repayable by 7 half yearly instalments commencing August 2003	34,133	34,649
USD denominated loan bearing interest at 0.63% above SIBOR (effective interest rate: 1.74% (2002: 2.04%)) repayable in full at the end of 3 years from the date of first draw down	5,890	5,890
USD denominated loan bearing interest at 0.90% above SIBOR (effective interest rate: 2.01% (2002: 2.04%)) repayable in full at the end of 3 years from the date of first draw down	35,246	29,961
USD denominated loan bearing interest at 0.60% above SIBOR (effective interest rate: 1.71% (2002: 2.04%)) repayable in full at the end of 3 years from the date of first draw down	1,855	19,258
RM denominated loan bearing interest at 1% above the bank's cost of fund (effective interest rate: 3.60% (2002: 4.00%)) repayable by 8 instalments commencing 31 December 2002	1,600	900
RM denominated loan bearing interest at 1.15% above the bank's base lending rate (effective interest rate: 7.55%) repayable by 14 half yearly instalments commencing October 1997	1,006	-
	<u>83,050</u>	<u>93,767</u>
Repayments due within the next 12 months included under short term borrowings (see note 31)		
- <i>secured</i>	(357)	(374)
- <i>unsecured</i>	(4,638)	(9,653)
Repayments due after 12 months	<u>78,055</u>	<u>83,740</u>

The SGD denominated loans amounting to RM3.109 million (2002: RM3.320 million) are secured over short leasehold property of the Group as indicated in note 11 above.



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36. DEFERRED INCOME

	Group 2002 RM'000	Group 2003 RM'000
Discount on acquisition of subsidiary companies		
Cost		
At 1 January	13,293	13,293
Arising from acquisitions during the year	-	2,378
Written off on annual review	-	(765)
At 31 December	<u>13,293</u>	<u>14,906</u>
Accumulated amortisation		
At 1 January	1,572	2,106
Amortisation for the year	534	580
Written off	-	(13)
At 31 December	<u>2,106</u>	<u>2,673</u>
Net book value at 31 December	<u>11,187</u>	<u>12,233</u>

37. DEFERRED TAX LIABILITIES

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
At 1 January				
As previously stated	57,057	63,903	-	-
Prior year adjustment (see note 38)	173,486	177,272	4,008	3,931
As restated	<u>230,543</u>	<u>241,175</u>	<u>4,008</u>	<u>3,931</u>
Exchange translation differences	58	-	-	-
Arising from fair value adjustment following an increase in the percentage of shareholding in a subsidiary company	-	15	-	-
Arising from acquisition of a subsidiary company	-	4,025	-	-
Transfer from/(to) income statement	<u>10,574</u>	<u>10,865</u>	<u>(77)</u>	<u>2,034</u>
At 31 December	<u>241,175</u>	<u>256,080</u>	<u>3,931</u>	<u>5,965</u>

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	215,436	230,964	536	507
- Surplus on revaluation of land and buildings	78,853	80,122	3,330	3,275
- Unabsorbed capital and agriculture allowances	(27,569)	(27,636)	(2,159)	-
- Tax losses	(26,565)	(28,670)	-	-
- Unharvested cane crop	2,224	2,183	2,224	2,183
- Other temporary differences	(1,204)	(883)	-	-
	<u>241,175</u>	<u>256,080</u>	<u>3,931</u>	<u>5,965</u>

**38. PRIOR YEAR ADJUSTMENTS**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Arising from retrospective application of <i>MASB 25 - Income Taxes</i>	94,040	97,952	4,008	3,931
Arising from retrospective change in accounting policy on plantation development expenditure	24,259	27,529	-	-
	<u>118,299</u>	<u>125,481</u>	<u>4,008</u>	<u>3,931</u>

Retrospective Application of MASB 25 - Income Taxes

Prior to 2003, no deferred tax liability was provided on the surplus arising from the revaluation of the Group's and the Company's freehold and leasehold land and buildings as permitted by the partial basis of the previously applied *IAS 12-Accounting for Income Taxes*. Further, no deferred tax asset was recognised by the Group and the Company unless there was a reasonable expectation of realisation.

In order to comply with *MASB 25 - Income Taxes*, the Group has changed its policy and now provides deferred tax liability on the revaluation surplus and recognises deferred tax asset on deductible temporary differences in accordance with the new accounting policy stated in note 2(t) above.

The new accounting policy has been applied retrospectively and its effects is incorporated in the financial statements by way of a prior year adjustment. The comparative figures have also been restated accordingly.

Retrospective Change in Accounting Policy on Plantation Development Expenditure

Prior to 2003, in respect of oil palm plantations, the Group's plantation development expenditure on matured plantations which was capitalised under land cost was not depreciated.

During the financial year, the Group changed its accounting policy and now depreciates plantation development expenditure on matured plantations, as per the accounting policy set out in note 2(g)(ii) above. The Directors are of the opinion that this change in accounting policy is in line with the Group's depreciation policy on leasehold land and gives a fairer presentation of the financial statements. This change in accounting policy has been applied retrospectively and its effects is incorporated in the financial statements by way of a prior year adjustment. The comparatives figures have also been restated accordingly.

39. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group 2002 RM'000	Group 2003 RM'000
Effect of issue of shares pursuant to PPB Oil Palms Berhad's ESOS on :		
- Revaluation reserve	(5,518)	(495)
- Exchange translation reserve	53	2
- Capital reserve	12,502	586
- Unappropriated profit	<u>(15,930)</u>	<u>(998)</u>
	<u>(8,893)</u>	<u>(905)</u>



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40. DIVIDENDS

	2002 RM'000	2003 RM'000
<i>In respect of the year ended 31 December 2001</i>		
Final dividend of 10 sen comprising 5 sen tax exempt and 5 sen less 28% income tax	42,194	-
<i>In respect of the year ended 31 December 2002</i>		
Interim dividend of 9 sen comprising 4 sen tax exempt and 5 sen less 28% income tax	37,287	-
Special dividend of 25 sen tax exempt	122,656	-
Final dividend of 12.5 sen comprising 5 sen tax exempt and 7.5 sen less 28% income tax	-	51,025
	159,943	51,025
<i>In respect of the year ended 31 December 2003</i>		
Interim dividend of 9 sen comprising 4 sen tax exempt and 5 sen less 28% income tax	-	37,287
	202,137	88,312

Subsequent to 31 December 2003, the directors recommended the payment of a final dividend of 16 sen comprising 5 sen tax exempt and 11 sen less 28% income tax amounting to RM63.388 million.

41. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

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

The new subsidiary company acquired during 2002 was FFM Everbloom Sdn Bhd.

	Group 2002 RM'000	Group 2003 RM'000
Analysis of acquisition of shares in new subsidiary companies		
Non-current assets	-	26,887
Current assets	-	11,866
Current liabilities	(9)	(10,937)
Non-current liabilities	-	(4,025)
Minority interests	4	1,087
Fair value of attributable assets acquired	(5)	24,878
Goodwill on acquisition	5	2,227
Total purchase consideration	*	27,105
Less : Cash and cash equivalents acquired	-	(11,704)
Net cash paid during the year	*	15,401

* Represents RM2

The effects of the acquisition of Jasa Karya Sdn Bhd, Sekar Imej Sdn Bhd, Suburmas Palm Oil Mill Sdn Bhd, PT Kerry Sawit Indonesia, Glitters Café Sdn Bhd, Beijing Kerry Veolia Waste Water Treatment Company Ltd, Conwaste Disposal Services (P. Pinang) Sdn Bhd and Keen Trade Limited on the consolidated financial results for the year ended 31 December 2003 and on the consolidated financial position as at that date were as follows:

**41. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES (continued)**

	RM'000
Income statement	
Revenue	1,618
Cost of sales	(1,088)
Gross profit	530
Other operating income	540
Distribution expenses	(254)
Administrative and general expenses	(1,134)
Loss before taxation	(318)
Taxation	556
Profit after taxation	238
Minority interest	(65)
Increase in Group's net profit	173
Balance sheet	
Non-current assets	51,820
Current assets	20,025
Current liabilities	(23,023)
Minority interests	(17,212)
Group's share of net assets	31,610

The acquisition of FFM Everbloom Sdn Bhd has had a nil effect on the financial position of the Group as at 31 December 2002 and on the financial results of the Group for the year then ended.

42. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Property, plant and equipment acquired	224,319	223,711	2,524	2,868
Interest expense capitalised	(631)	(150)	-	-
Depreciation capitalised	(3,633)	(3,686)	-	-
Financed via hire purchase arrangement	(162)	(328)	-	-
Paid by way of contra with other receivables	(11,785)	-	-	-
Cash paid in respect of prior year	4,564	-	-	-
Unpaid balance included under other payables	(3,150)	(16,016)	-	(120)
Cash paid	209,522	203,531	2,524	2,748



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43. LIQUIDATION OF SUBSIDIARY COMPANIES

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

The subsidiary companies liquidated during 2002 were Savers Retail Sdn Bhd and Reefton Sdn Bhd.

The analysis of the liquidation is as follows:

	Group 2002 RM'000	Group 2003 RM'000
Total surplus assets and capital receivable from companies liquidated during the year	867	1,566
Additional distribution by companies liquidated in prior years	179	315
	<u>1,046</u>	<u>1,881</u>
Less :		
Cost of investment	(200)	(3,061)
Post-acquisition (reserve) / loss previously consolidated	(667)	1,405
Surplus from liquidation	<u>179</u>	<u>225</u>

44. RELATED PARTIES

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
<i>Transactions with subsidiary companies</i>				
Interest received and receivable	-	-	1,735	992
Interest paid and payable	-	-	94	-
Rental income	-	-	438	420
Registration fee paid and payable	-	-	54	41
Sale of shares in a subsidiary company	-	-	-	4,289
Sale of property, plant and equipment	-	-	800	90
Management fee received	-	-	274	319
<i>Transactions with associated companies</i>				
Sales to				
Kuok Oils & Grains Pte Ltd ("KOGS")	3,483,405	4,815,111	-	-
Kilang Gula Felde Perlis Sdn Bhd	26,196	36,474	26,196	36,246
Konsortium Abass Sdn Bhd	35,667	38,725	-	-
Lahad Datu Edible Oils Sdn Bhd	31,313	43,012	-	-
Techno Indah Sdn Bhd	630	-	-	-
Interest received from				
Vita Tenggara Fruit Industries Sdn Bhd	102	103	102	103
Saratok Palm Oil Mill Sdn Bhd	-	397	-	-
Cipta Quantum Sdn Bhd	57	73	-	-
Techno Indah Sdn Bhd	52	-	-	-

**44. RELATED PARTIES (continued)**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Management fee received from				
Ancom-Chemquest Terminals Sdn Bhd ("Ancom-Chemquest")	107	-	-	-
Cipta Quantum Sdn Bhd	34	-	-	-
Federation Theatres Sdn Bhd	29	-	-	-
Konsortium Abass Sdn Bhd	150	180	-	-
Saratok Palm Oil Mill Sdn Bhd	941	769	-	-
Sitamas Environmental Systems Sdn Bhd	384	406	-	-
Rental of premises received from				
Kerry Leisure Concepts Sdn Bhd	212	212	-	-
Commission received from				
Federation Theatres Sdn Bhd	22	-	-	-
KOGS	723	1,062	-	-
Lahad Datu Edible Oils Sdn Bhd	46	111	-	-
Engineering services rendered to				
Saratok Palm Oil Mill Sdn Bhd	103	397	-	-
Film rental received from				
Federation Theatres Sdn Bhd	17	-	-	-
Purchases from				
Agri-Sabah Fertilizer Sdn Bhd	12,754	15,456	-	-
KOGS	224,276	1,128,416	-	-
Lahad Datu Edible Oils Sdn Bhd	1,098,989	329,878	-	-
Saratok Palm Oil Mill Sdn Bhd	-	998	-	-
Rental of premises paid to				
Ancom-Chemquest	120	120	-	-
Lease rental paid to				
Ancom-Chemquest	224	224	-	-
Purchase of property, plant and equipment from				
Federation Theatres Sdn Bhd	11	-	-	-
Maintenance charges paid to				
Sitamas Environmental Systems Sdn Bhd	15	16	-	-
Assignment of trademark to				
KOGS	500	-	-	-



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44. RELATED PARTIES (continued)

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Balance of advances owing by:				
Agri-Sabah Fertilizer Sdn Bhd	1	1	1	1
Ancom-Chemquest	32	-	-	-
Cipta Quantum Sdn Bhd	1,230	1,917	-	-
Global Entertainment and Management Systems Sdn Bhd	3,461	3,461	3,461	3,461
Golden Access Pte Ltd	378	378	-	-
Kerry Leisure Concepts Sdn Bhd	1	1	1	1
KOGS	-	469	-	-
Saratok Palm Oil Mill Sdn Bhd	587	42	-	-
Shaw Brothers (M) Sdn Bhd	-	10,200	-	10,200
Sitamas Environmental Systems Sdn Bhd	93	52	-	-
Techno Indah Sdn Bhd	1,877	-	-	-
Vita Tenggara Fruit Industries Sdn Bhd	2,624	2,727	2,624	2,727
Wisma Perak Sdn Bhd	1,070	1,070	-	-
Worldwide Landfills Sdn Bhd	-	583	-	-
Balance of advances owing to:				
Golden Screen Film Distribution Co. Sdn Bhd	181	188	-	-
Kilang Gula Felda Perlis Sdn Bhd	40	50	40	50
KOGS	8,595	165	-	-
Lahad Datu Edible Oils Sdn Bhd	400	-	-	-
Cipta Quantum Sdn Bhd	-	100	-	-
Premium Khas Sdn Bhd	-	65	-	-
Transactions with subsidiary companies of KOGS				
Sales of property, plant and equipment to				
Cai Lan Oils & Fats Industries Company Ltd	4,000	-	-	-
Bangladesh Edible Oil Limited	33	-	-	-
Orisatin Sdn Bhd	-	96	-	-
Sales to				
Cai Lan Oils & Fats Industries Company Ltd	1,344	332	-	-
Kerry Oils & Grains Trading Company Limited	207,947	69,431	-	-
Kerry (New Zealand) Limited	40,201	36,225	-	-
Southseas Oils & Fats (Hong Kong) Limited	116,620	65,902	-	-
Southseas Oils & Fats (Chiwang) Limited	37,783	3,790	-	-
Orisatin Sdn Bhd	-	484,541	-	-
Qingdao-Kerry Vegetables Oil Co Ltd	-	5,094	-	-
Shanghai Kerry Oils & Grains Ind Co Ltd	-	27,347	-	-
Commission paid to Orisatin Sdn Bhd	-	69	-	-

Non-trade balance with Cai Lan Oils & Fats Industries Company Ltd as at 31 December 2003 was RM Nil (2002: RM3.6 million).

**44. RELATED PARTIES (continued)**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
<i>Transactions with jointly controlled entities</i>				
Booking commission received from				
- Selangor Amusement Co.	7	-	-	-
- Zufar Water Services - Chemical Waste Management JV	18,078	-	-	-
<i>Transactions with Kuok Brothers Sdn Bhd, a major shareholder of the Company</i>				
Management fee paid	101	127	-	-
<i>Transactions with a subsidiary company of Kuok Brothers Sdn Bhd</i>				
Sales to Hoe Sen (Mersing) Sdn Bhd	8,810	9,514	-	-
<i>Transactions with associated companies of Kuok Brothers Sdn Bhd</i>				
Sales to Min Tien & Co Sdn Bhd	18,193	22,500	-	-
Insurance premium paid to Jerneh Insurance Berhad	12,981	14,014	223	261
Rental of premises paid to Jerneh Insurance Berhad	1,034	1,151	275	305
Rental of premises paid to Pelangi Berhad	1,477	1,397	-	-
<i>Transactions with a subsidiary company of Kerry Group Limited, a major shareholder of the Company</i>				
Sales to Kerry Foodstuffs Co. Limited	5,118	1,462	-	-
Purchases from Kerry Foodstuffs Co. Limited	221,746	232,445	-	-
<i>Transactions with an associated company of Kerry Group Limited</i>				
Sales of shares in associated companies to Orange Grove Holdings Pte Ltd	59,398	-	59,398	-
<i>Transaction with an alternate director</i>				
Disposal of a motor vehicle to Ms Koh Mei Lee	85	-	85	-
<i>Transaction with companies in which directors have financial interest</i>				
Companies in which Mr. Ang Guan Seng has financial interest				
- Sales to Batu Pahat Seng Huat Sdn Bhd	6,768	6,489	-	-
- Purchases from Ban Seng Guan Sdn Bhd	58,363	30,708	-	-
- Purchases from Hoe Seng Chan Sdn Bhd	4,441	10,903	-	-
- Purchases from Perusahaan Minyak Sawit Bintang Sdn Bhd	32,411	35,764	-	-
- Purchases from United Plastics Sdn Bhd	4,256	4,413	-	-
Company in which Dato' Abdul Jabid Bin Mohd Don has financial interest				
- Sales to Tejana Trading Corporation Sdn Bhd	1,292	1,573	-	-



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44. RELATED PARTIES (continued)

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
<i>Transactions with companies in which a director of PPB Oil Palms Berhad, Dr. Ng Siew Kee has financial interest</i>				
Purchases from				
Agrocom Enterprise Sdn Bhd	1,011	366	-	-
Agromac (M) Sdn Bhd	299	1,140	-	-
<i>Transaction with a company in which a director of Golden Screen Cinemas Sdn Bhd, Mr. Raymond Chow Ting Hsing has financial interest</i>				
Film royalty fee paid to Golden Harvest Entertainment Holdings Ltd	3,916	1,243	-	-

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

45. EMPLOYEE INFORMATION

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Staff costs	254,245	273,665	13,168	14,059

Included in the staff costs are EPF contributions amounting to RM22.843 million (2002: RM22.523 million) for the Group and RM1.728 million (2002: RM1.634 million) for the Company.

The number of employees (including executive directors) as at 31 December 2003 was 15,170 (2002: 15,085) for the Group and 376 (2002: 383) for the Company.

46. CONTINGENT LIABILITIES

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Unsecured guarantees issued in consideration of credit facilities given to associated companies	23,800	15,800	2,550	2,550

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 of 25,784 acres (10,434 hectares) alienated to Hibumas and Penumilek, who were named as the Second and Third Defendants, respectively.

Hibumas and Penumilek have sought legal advice and had on 12 September 2000 filed an application to strike out the plaintiff's suit ("the Application"). The hearing of the Application has been postponed to 1 November 2004.

**47. COMMITMENTS**

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
Commitment to acquire the remaining shares in FFM Berhad not already owned by the Company pursuant to a proposed privatisation of FFM Berhad for a consideration to be satisfied by the issuance of approximately 102,126,817 shares in the Company and a cash consideration of RM2.00 per FFM share	-	204,254	-	204,254
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	54,873	87,450	337	212
- not contracted	224,425	198,387	454	939
Operating lease and other commitments				
- within 1 year	1,151	1,322	8	305
- later than 1 year but not later than 5 years	3,526	2,373	1	-
- later than 5 years	2,619	2,385	-	-
Uncalled portion of share capital in a subsidiary company	-	-	1,540	-
	<u>286,594</u>	<u>496,171</u>	<u>2,340</u>	<u>205,710</u>

48. SEGMENTAL REPORTING**(a) Primary reporting format - business segment**

The Group's operations comprise the following business segments:

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

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



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48. SEGMENTAL REPORTING (continued)

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



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



Accounting Policies And Explanatory Notes

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48. SEGMENTAL REPORTING (continued)

	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000
2002					
REVENUE					
External sales	715,388	666,222	5,640,700	93,125	42,285
Inter-segment sales	133	31,479	97,557	313,313	2,630
Total revenue	715,521	697,701	5,738,257	406,438	44,915
RESULT					
Segment operating results	68,880	90,140	38,206	146,667	(5,770)
Unallocated corporate expense					
Profit from operations					
Investing activities					
Finance costs					
Share of associates' results	6,584	-	71,635	2,430	-
Share of joint ventures' results	-	-	-	-	-
Profit before taxation					
Taxation					
Profit after taxation					
Minority interests					
Net profit for the year					
OTHER INFORMATION					
Segment assets	285,948	503,058	884,456	1,253,301	113,729
Investments in associates	24,189	-	259,790	6,264	-
Investments in joint ventures	-	-	-	-	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	(15,175)	(32,456)	(303,320)	(40,425)	(3,810)
Borrowings					
Tax liabilities					
Unallocated deferred income					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	22,613	25,234	22,013	83,016	19,646
Unallocated capital expenditure					
Depreciation	12,996	14,397	27,939	37,558	5,330
Unallocated corporate depreciation					
Non-cash expenses other than depreciation	(175)	(180)	(346)	(5,766)	372
Unallocated non-cash expenses other than depreciation					



Packaging RM'000	Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
83,466	130,829	73,987	102,304	309,674	-	7,857,980
15,838	-	-	1,232	19,168	(481,350)	-
99,304	130,829	73,987	103,536	328,842	(481,350)	7,857,980
9,645	7,370	5,532	26,718	3,176	471	391,035
						(13,222)
						377,813
						19,592
						(13,871)
-	12,089	117	4,730	19,526	-	117,111
-	177	(75)	-	-	-	102
						500,747
						(122,255)
						378,492
						(135,496)
						242,996
175,840	63,100	109,353	230,463	282,429	(37,304)	3,864,373
-	28,182	379	79,464	289,581	-	687,849
-	314	-	-	-	-	314
						745,579
						34,426
						5,794
						5,338,335
(26,460)	(40,044)	(17,612)	(21,873)	(56,681)	35,598	(522,258)
						(470,608)
						(256,005)
						(10,925)
						(4,308)
						(1,264,104)
29,259	6,010	1,293	597	12,047	-	221,728
						2,591
						224,319
18,141	784	8,858	4,191	13,554	-	143,748
						1,248
						144,996
644	380	979	35	719	-	(3,338)
						(768)
						(4,106)



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48. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format - geographical segment

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

	Revenue		Carrying amount of segment assets		Capital expenditure	
	2002	2003	2002	2003	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	2,716,174	3,312,535	3,595,070	3,713,657	165,235	188,246
Indonesia	85,371	83,777	154,606	200,814	27,209	34,976
Singapore	3,906,396	5,347,840	21,435	26,346	5,480	87
Other Asean countries	110,885	56,136	88,022	87,575	26,395	402
East Asia	767,220	238,327	5,240	3,748	-	-
Other Asia countries	48,682	138,705	-	-	-	-
European countries	102,508	43,088	-	-	-	-
America and Asia Pacific countries	120,744	99,360	-	-	-	-
	7,857,980	9,319,768	3,864,373	4,032,140	224,319	223,711

49. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, RM136.407 million or 23.81% of the Group's total trade receivables was due from Kuok Oils & Grains Pte Ltd, an associated company.

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

	Group 2002 RM'000	Group 2003 RM'000	Company 2002 RM'000	Company 2003 RM'000
(i) Outstanding credit facilities guaranteed by the Group				
Total amount guaranteed	23,800	15,800	2,550	2,550
Total amount outstanding	14,409	6,142	2,379	2,346

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

	Group 2002 Contract amount RM'000	Group 2002 Unrealised (loss)/gain based on year end market value RM'000	Group 2003 Contract amount RM'000	Group 2003 Unrealised gain based on year end market value RM'000
Future contracts				
- sales	75,258	(1,112)	-	-
- purchases	28,382	195	252,360	3,894



49. FINANCIAL INSTRUMENTS (continued)

(b) Derivative financial instruments

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

	Group 2002 Contract amount RM'000	Group 2002 Unrealised loss based on year end market value RM'000	Group 2003 Contract amount RM'000	Group 2003 Unrealised gain based on year end market value RM'000
Future contracts				
- sales	71,872	(512)	-	-
- purchases	-	-	67,934	2,044

The outstanding future contracts mature within one year.

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

	Amount to be received or paid equivalent '000	Average contractual rate	<-Settlement period -> Within 1 year RM'000		2 to 5 years RM'000
2003					
Trade receivables					
USD	214,636	818,563	818,563	-	-
SGD	1,352	2,994	2,994	-	-
Forward contracts on future purchases					
USD	480	1,843	1,843	-	-
2002					
Trade receivables					
USD	65,079	247,789	247,789	-	-
SGD	762	1,685	1,685	-	-
Trade payables					
USD	317	1,214	1,057	157	
Forward contracts on future purchases					
USD	1,413	5,412	5,412	-	-

(c) Fair values

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

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
2003				
<i>Non-current assets</i>				
Amounts due from subsidiary companies	-	-	66,260	*
<i>Other investments</i>				
Shares quoted in Malaysia	202,793	290,705	35,875	23,231
Shares quoted outside Malaysia	183,846	203,403	98,379	85,566
	386,639	494,108	134,254	108,797
Unquoted shares	25,459	#	12,315	#



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

49. FINANCIAL INSTRUMENTS (continued)

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
2002				
<i>Non-current assets</i>				
Amounts due from subsidiary companies	-	-	79,443	*
<i>Other investments</i>				
Shares quoted in Malaysia	35,134	22,594	29,950	13,867
Shares quoted outside Malaysia	179,069	137,101	98,379	59,511
	<u>214,203</u>	<u>159,695</u>	<u>128,329</u>	<u>73,378</u>
Unquoted shares	<u>22,452</u>	<u>#</u>	<u>12,315</u>	<u>#</u>

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

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

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

50. SUBSEQUENT EVENTS

Subsequent to year end, a subsidiary company, Chemical Waste Management Sdn Bhd ("CWM"), acquired:

- 1,475,672 ordinary shares of RM1.00 each in Sitaclean Technologies (M) Sdn Bhd ("STSB"), representing the entire issued and paid-up share capital of STSB, for a total cash consideration of RM900,000.
- an additional 5,863,250 ordinary shares of RM1 each in Sita Environmental Services Sdn Bhd ("SESSB"), for a total cash consideration of RM760,000. As a result of the acquisition, the Group's equity interest in SESSB increased from 50.1% to 100.0%.
- an additional 1,283,406 ordinary shares of RM1 each in Sitamas Environmental Systems Sdn Bhd ("Sitamas"), for a total cash consideration of RM3,299,839. As a result of the acquisition, the Group's equity interest in Sitamas increased from 49.0% to 78.0%.

51. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 27 February 2004 by the Board of Directors.



52. SUBSIDIARY COMPANIES

The subsidiary companies as at 31 December 2003 were as follows :-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2002 %	2003 %		
Malayan Sugar Manufacturing Company Bhd	100.0	100.0	Malaysia	Sugar refining and investment holding
Astakonas Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Masuma Trading Co Ltd	100.0	100.0	* Hong Kong	Investment holding
Quintrine Company Ltd	100.0	100.0	* Hong Kong	Investment holding
Stenmark 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
FFM Berhad	53.8	54.2	Malaysia	Investment holding, grains trading, flour and animal feed milling
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM Feedmills (Sabah) Sdn Bhd	100.0	100.0	* Malaysia	Manufacturing and trading of animal feed
Lamlewa Feedmill Sdn Bhd	76.0	97.0	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	Investment holding
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
Katella Sdn Bhd	100.0	100.0	Malaysia	Shipping
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Glowland Limited	100.0	100.0	* Samoa	Investment holding
JBFM Feedmill Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Livestock breeding
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
FFM Everbloom Sdn Bhd	100.0	100.0	Malaysia	Dormant
Vietnam Flour Mills Ltd	52.5	52.5	* Socialist Republic of Vietnam	Flour milling



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

52. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2002 %	2003 %		
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
Tefel Packaging Co Ltd	100.0	100.0	* Union of Myanmar	Manufacturing of polyethylene and polypropylene woven bags and fabrics
Keen Trade Limited	-	100.0	* British Virgin Islands	Marketing of flexible intermediate bulk container bags, polypropylene and polyethylene bags and fabrics
PGEO Group Sdn Bhd	100.0	100.0	Malaysia	Investment holding and trading and marketing of edible oils
PGEO Edible Oils Sdn Bhd	100.0	100.0	Malaysia	Processing and marketing of edible oils, soya bean products, shortening, dough fats margarine, hydrogenated products and steel drums
Fedrums Sdn Bhd	100.0	100.0	Malaysia	Broker in commodity futures
Maytown Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Sandakan Edible Oils Sdn Bhd	100.0	100.0	* Malaysia	Processing and marketing of edible oils
Bintulu Edible Oils Sdn Bhd	86.0	100.0	* Malaysia	Processing and marketing of edible oils
Narwa Sdn Bhd	66.6	-	* Malaysia	Under members' voluntary winding up
Savers Retail Sdn Bhd	100.0	-	Malaysia	Liquidated
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Property development and property investment
Kembang Developments Sdn Bhd	100.0	100.0	Malaysia	Rental of landed properties
Minsec Properties Bhd	100.0	100.0	Malaysia	Property development
Minsec Management Services Company Ltd	100.0	100.0	* Hong Kong	Dormant
Ampang Leisuremall Sdn Bhd	55.0	55.0	Malaysia	Property development
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Property investment and investment holding
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	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	Ceased operations in 2003
Leisure Bowl (JB) Sdn Bhd	60.0	60.0	Malaysia	Ceased operations in 2003
Golden Screen Cinemas Sdn Bhd	54.2	54.2	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractors and consultants
Glitter Café Sdn Bhd	-	100.0	Malaysia	Dormant



52. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2002 %	2003 %		
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding, iron-ore mining, cultivation of rubber and oil palm
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
Central Kedah Rubber Estates Sdn Bhd	100.0	100.0	Malaysia	Dormant
PPB Oil Palms Berhad	58.7	55.6	* 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	89.8	89.8	* Malaysia	Investment holding
Hibumas Sdn Bhd	100.0	100.0	* Malaysia	Investment holding and oil palm cultivation
Penumilek Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Jebawang Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
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
Suburmas Palm Oil Mill Sdn Bhd	-	53.0	* Malaysia	Operation of a palm oil mill, purchasing and processing of fresh fruit bunches and selling of crude palm oil and palm kernel
Jasa Karya Sdn Bhd	-	100.0	* Malaysia	Dormant
Sekar Imej Sdn Bhd	-	100.0	* Malaysia	Dormant
PT Kerry Sawit Indonesia	-	90.0	* Indonesia	Oil palm cultivation
PT Mustika Sembuluh	90.0	90.0	* Indonesia	Oil palm cultivation
Clonal Palms Sdn Bhd	70.0	70.0	* Malaysia	Cultivation and sale of clonal plantlets
PT Tidar Sungkai Sawit	100.0	100.0	* Indonesia	Oil palm cultivation and milling of fresh fruit bunches
Kalimantan Palm Industries Sdn Bhd	100.0	100.0	* Malaysia	Investment holding



Accounting Policies And Explanatory Notes

For the year ended 31 December 2003

52. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2002 %	2003 %		
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Corporate secretarial and share registration services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Investment holding and provision of management services
Chemquest Trading (M) Sdn Bhd	100.0	100.0	Malaysia	Trading in chemical products
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacturing and wholesaling of toilet 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	55.0	Malaysia	Builders and contractors for general engineering and construction works
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Investment in land and property for rental
Chemquest (Overseas) Ltd	100.0	100.0	* British Virgin Islands	Investment holding
CQ Technology Ltd	100.0	100.0	* British Virgin Islands	Trading in chemical products and investment holding
Chemquest Management Services Sdn Bhd	100.0	100.0	Malaysia	Dormant
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacture and marketing of "Phenoset Microspheres" and trading in contact glue
Marathon Equipment Asia Pte Ltd	70.0	70.0	* Singapore	Sales, engineering, manufacturing, facility designing and construction management of waste disposal equipment
Malayan Adhesives & Chemicals Sdn Bhd	52.0	52.0	Malaysia	Manufacturing and marketing of adhesives, resins, additives and formaldehyde and investment holding
Otto Environmental 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	Investment holding
Garbagemaster Pte Ltd	100.0	100.0	* Singapore	Ceased operations since 31 December 2000
Sita Environmental Services Sdn Bhd	50.1	50.1	Malaysia	Investment holding
Solar Status Sdn Bhd	100.0	100.0	Malaysia	Investment holding
AWS Sales & Services Sdn Bhd	80.0	80.0	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
Minsec Engineering Services Sdn Bhd	100.0	100.0	Malaysia	Provision of engineering services
Tri-Electro Sdn Bhd	76.0	-	Malaysia	In the process of members' voluntary winding up
PT Healthcare Glovindo	100.0	100.0	* Indonesia	Manufacturing and trading in gloves
PT Glovindo Lampung	100.0	100.0	* Indonesia	Dormant
Quantum Plastic Industries Pte Ltd	100.0	100.0	* Singapore	Trading of waste disposal equipment
Kerry Utilities Ltd	50.0	50.0	* Samoa	Investment holding
Beijing Kerry Veolia Waste Water Treatment Co. Ltd.	-	51.0	* People's Republic of China	Investment holding
Conwaste Disposal Services (P. Pinang) Sdn Bhd	-	100.0	Malaysia	Provision of garbage disposal services

* Subsidiary companies not audited by Moores Rowland



53. ASSOCIATED COMPANIES

The associated companies as at 31 December 2003 were as follows :-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2002 %	2003 %		
Kilang Gula Felda Perlis Sdn Bhd	50.0	50.0	Malaysia	Cane milling and sugar refining
Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property development
Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development
Lahad Datu Edible Oils Sdn Bhd	45.0	45.0	Malaysia	Refining of edible oils
Kuok Oils & Grains Pte Ltd	28.0	28.0	Singapore	Commodity trading
Kuok Oils & Grains (Hong Kong) Ltd	40.0	40.0	Hong Kong	Dormant
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
Golden Screen Film Distribution Co Sdn Bhd	50.0	50.0	Malaysia	Dormant
Federation Theatres Sdn Bhd	40.0	-	Malaysia	Under members' voluntary winding up
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centres
Global Entertainment and Management Systems Sdn Bhd	33.3	33.3	Malaysia	Investment holding
Golden Access Pte Ltd	50.0	50.0	Singapore	Provision of information technology services
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, owning, 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	-	Malaysia	Sludge disposal management
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
Konsortium Abass Sdn Bhd	25.0	25.0	Malaysia	Operation and management of water treatment plant
Malaysian Bulk Carriers Sdn Bhd	25.0	*	Malaysia	Investment holding and shipping

* Included under other investments in 2003

54. JOINTLY CONTROLLED ENTITIES

The jointly controlled entities as at 31 December 2003 were as follows :-

	Group's equity interest		Country of operation	Principal activities
	2002 %	2003 %		
Cipta Quantum - Chemical Waste Management JV	25.0	-	Malaysia	Dissolved on 31 December 2003
Zufar Water Services - Chemical Waste Management JV	50.0	50.0	Malaysia	Civil, mechanical and electrical works
Beijing Drainage Group Co. Ltd Veolia Kerry Waste Water Treatment Plant	-	42.0	People's Republic of China	Construction, operation and maintenance of sewage treatment plant



Statement By Directors

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

We, RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and DATO SRI LIANG KIM BANG, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 86 to 145 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 2003 and of their results and cash flows for the year ended on that date.

On behalf of the Board

RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM
Director

DATO SRI LIANG KIM BANG
Director

Kuala Lumpur
27 February 2004



Statutory Declaration

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

I, Wong Ai Hoon, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 86 to 145 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.

WONG AI HOON

Subscribed and solemnly declared by the
abovenamed Wong Ai Hoon
at Kuala Lumpur in the
Federal Territory on this 27th day of February, 2004

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 86 to 145. 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 2003 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 52 to the financial statements.

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

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

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

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

Kuala Lumpur
27 February 2004



Properties Owned by PPB Group Berhad And Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition / revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Perlis							
PN 37, Kampung Baru, Chuping	Sugar cane plantation	1.11.1980	-	5,851 hectares	Leasehold	2061 & 2063	18,016
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							
HS (D) 2587, Bilal Udoh, Chuping	Sugar cane experimental station	2.8.1982	34	13 hectares	Leasehold	2072	
HS (D) 2483, Wang Bintong, Kangar	Vacant land	10.5.1969	-	6,070 sq metres	Freehold	-	41
State of Kedah							
Cathay Alor Setar No.1, Jln Limbong Kapal 05000 Alor Setar	Property leased out	16.4.1990	48	3,901 sq metres	Freehold	-	1,152
Cathay Sungai Petani No.11, Jln Bank, 08000 Sg. Petani	Property leased out	16.4.1990	>50	830 sq metres	Freehold	-	398
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, 1010, 1011, 1122-1124, 1128, 1137, 1139, 1142, 1242, 1273, 1279, 1289, 1290, 1292, 1294, 1664 & 1665, Mukim Semeling, Daerah Kuala Muda	Rubber & oil palm estate	13.4.1981	-	569 hectares	Freehold	-	11,576
Lot PT 4841 - 4846, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	91 hectares	Freehold	-	
Lots 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh, Gurun	Poultry breeder farm & vacant agricultural land	21.2.1995	7	103 hectares	Freehold	-	16,736
State of Penang							
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
798, Main Road, Prai, Province Wellesley	Sugar refinery	30.9.1976	40	8 hectares	Leasehold	2028 & 2054	12,280
Plots 352-355 & 362-364 Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory & office building	28.4.1989	27	24,922 sq metres	Leasehold	2035 & 2043	1,427



Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Penang							
Plot 99(1), 100(1), 571, MK1 & MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory, warehouse building & silo	25.11.1982 10.2.1989 4.11.1990	21	35,889 sq metres	Leasehold	2042, 2049 & 2050	7,971
Odeon Penang No. 130, Penang Road, 10000 Penang	Property leased out	16.4.1990	57	1,084 sq metres	Freehold	-	435
			-	281 sq metres	Leasehold	2038	136
Dalit Cinema Kompleks Tun Abdul Razak Lebuh Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	23	3,332 sq metres	Leasehold	2080	4,477
Cathay Bukit Mertajam No.14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990	48	1,092 sq metres	Freehold	-	394
			-	282 sq metres	Freehold	-	117
			-	166 sq metres	Leasehold	2054	
No. 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B, 22C, Beach Street, 10300 Penang	Pre-war shophouses under re-development	31.3.1981	> 50	2,526 sq metres	Freehold	-	2,669
No. 2 & 4, Church Street, 10300 Penang	Pre-war shophouses under re-development						
State of Perak							
Cathay Ipoh No. 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	47	4,494 sq metres	Freehold	-	1,166
Plot 90, Kwsn Perusahaan Silibin Lengkok Rishah I, Ipoh	Office building & warehouse	3.10.1991	10	8,013 sq metres	Leasehold	2045	1,111
Block G4 & G5 Lumut Industrial Park, Lumut	Factory	28.12.1995	6	80,937 sq metres	Leasehold	yet to be determined	9,129
Lot 950, Batu 9, Sg. Limau 34850 Trong	Lager farm & vacant agricultural land	25.10.1996	5	216 hectares	Freehold	-	41,352
State of Selangor							
Lot 602, Jalan Raja Lumu Pandamaran, Port Klang	Factory & office building	25.11.1982	13	16,187 sq metres	Leasehold	2079	2,330
P.O Box 141, South Port Area, Port Klang	Factory, warehouse & office building	25.11.1982	14 to 37	42,206 sq metres	Leasehold	2005 to 2025	4,350
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	2	208,170 sq metres	Leasehold	2097	69,061



Properties Owned by PPB Group Berhad And Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition / revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Selangor							
Lots 2824-2827 & 2832-2833 Mukim Sg. Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 & 1.6.1994	5	243,419 sq metres	Freehold	-	32,644
1, Jalan SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4-storey shops / offices leased out	16.4.1990	21	1,408 sq metres	Freehold	-	3,648
Lot Nos PT 10989 & PT 10091, Mukim of Sg. Buloh, District of Petaling	Land leased out	16.4.1990	-	13,631 sq metres	Freehold	-	2,751
Lot 58 to 61, Daerah Gombak, Mukim Batu, Kaw Perindustrian, Taman Bukit Rahman Putra	Warehouse	15.9.1993	8	35,336 sq metres	Freehold	-	12,183
Lot 844, Jalan Subang 7, Taman Perindustrian Subang, Subang Jaya 47500	Workshop & office building	15.6.1993	4	12,266 sq metres	Freehold	-	9,554
Lot 9, Jalan Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	33	33,946 sq metres	Leasehold	2069	3,029
Lot 12, Persiaran Kemajuan 16/16 40000 Shah Alam	Office building	22.2.1993	14 to 15	11,458 sq metres	Leasehold	2018	2,948
Wilayah Persekutuan							
2nd Floor, Sungei Wang Plaza Jalan Sultan Ismail 50250 Kuala Lumpur	Shoplot leased out	16.4.1990	26	6,187 sq metres	Freehold	-	9,978
Lot 2883/ 86 / 88 39727-39729 Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	92,771 sq metres	Freehold	-	23,509
Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	10	21,225 sq metres	Leasehold	2077 & 2080	54,287
No.11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	17	9,225 sq metres	Leasehold	2077 & 2080	11,189
Lot 82, 264, 265 & 11276 Mukim 01 Ampang, Jln Ampang	Land for property development	27.8.1990 & 1.7.1996	-	19,781 sq metres	Freehold	-	72,470
LA 79200014, Layang Layang Town, Labuan	Disused cinema	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,330
State of Negeri Sembilan							
Lot 1350, Jln Kampung Sawah, Bukit Pelanduk	Factory & office building	25.11.1982	19 to 29	11,483 sq metres	Freehold	-	470



Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Negeri Sembilan Lots 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	11	677,849 sq metres	Freehold	-	12,497
Lots 14720-14722, Senawang Industrial Park	Factory cum office building	30.6.1996	12	38,202 sq metres	Freehold	-	10,669
Lot 3978, Senawang Industrial Estate	Factory & office building	30.6.1996	6 & 32	27,033 sq metres	Leasehold	2067	19,015
GC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang 70000 Seremban	Cineplex	26.2.1996	8	1,811 sq metres	Leasehold	2094 & 2082	4,763
State of Malacca Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	8	4,589 sq metres	Leasehold	2090	1,053
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	Property leased out	16.4.1990	45	2,402 sq metres	Leasehold	2054 & 2055	591
State of Johor Lrg Pukal Dua, Kawasan Lembaga Pelabuhan , Pasir Gudang	Factory, warehouse & office building	7.1.1989	19 to 27	71,913 sq metres	Leasehold	2049	15,396
Plo 338, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory & office building	10.10.1987	15	60,703 sq metres	Leasehold	2049	10,838
Plo 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building	14.7.1988	7	60,703 sq metres	Leasehold	2050	11,512
Cathay Muar No. 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	47	1,623 sq metres	Freehold	-	387
Lot 614 & 615, Bandar Maharani, Jln Ali, District of Muar	Carpark leased out	16.4.1990	-	345 sq metres	Freehold	-	



Properties Owned by PPB Group Berhad And Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Johor							
Lots 13804, 13805 & 13806, Mukim of Tangkak, District of Muar	Vacant agricultural land	20.11.1995 & 2.10.1995	-	370,530 sq metres	Freehold	-	2,529
Cathay Batu Pahat 91A, Jln Rahmat, 83000 Batu Pahat	Property leased out	16.4.1990	41 to 51	1,562 sq metres	Freehold	-	447
Odeon Batu Pahat 30, Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	>50	1,752 sq metres	Freehold	-	615
Lot 511 Mukim of Mersing	Vacant agricultural land	19.6.2001	-	227,255 sq metres	Freehold	-	1,750
Plaza I & II Cinema F-126, 1st Floor, Holiday Plaza, Jalan Dato Suleiman, 80250 Johor Bahru	Cinema (closed)	31.7.1992 16.11.1992	14 & 15	2,929 sq metres	Freehold	-	8,828
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	4	34,981 sq metres	Freehold	-	16,158
No 5 Jalan Bakti, Kawasan Perindustrian Larkin 80350 Johor Bahru	Warehouse & vacant building	30.8.2002	12 - 34	11,681 sq metres	Leasehold	2023	3,275
State of Pahang							
B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	35	149 sq metres	Freehold	-	174
No 19, Jalan IM 3/1 Bandar Indera Mahkota 25200 Kuantan	Office building & warehouse	12.7.1997	-	7,810 sq metres	Leasehold	2061	2,854
Teruntum Cinema 6th Floor, Kompleks Teruntum Jalan Mahkota, 25000 Kuantan	Cinema (closed)	16.4.1990	24	2,206 sq metres	Leasehold	2075	2,000
State of Kelantan							
Lot 29, Kawasan MIEL Kampung Lundang, Jln Pasir Putih, Kota Bharu	Office building & warehouse	29.7.1992	10	1,730 sq metres	Leasehold	2077	502
Lot No. PT 4090 Mukim Panchor Daerah Kemumin, Kota Bharu	Vacant industrial land	30.12.2001	-	14,166 sq metres	Leasehold	2063	844
State of Sarawak							
Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984 18.6.1987 15.3.1989	> 20	6,810 sq metres	Leasehold	2040	3,452



Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Sarawak							
Lot 505, Muara Tebas Land District, Kuching	Factory, warehouse & office building	6.12.1999	1	21,350 sq metres	Leasehold	2059	21,380
Lot 188, 190 & 191 Block 71 Kuching Central Land	Clonal palm laboratory	30.11.2001	2	4,532 sq metres	Leasehold	2924	1,808
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Property leased out	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	391
Cathay Sibu C.D.T, No.6, Raminway, 96007 Sibu	Property leased out	16.4.1990	44	1,486 sq metres	Leasehold	2016	425
Lot 57, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	3	2,284 hectares	Leasehold	2056	147,474
Lot 49, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	12	9,895 hectares	Leasehold	2045	
Lot 1, Sawai Land, Suai	Oil palm plantation	31.5.1997	-	5,674 hectares	Leasehold	2043	47,306
Lot 1, Block 39, Sawai Land, Miri	Oil palm plantation	31.5.1997	-	4,727 hectares	Leasehold	2053	45,030
Lot 1, Block 42, Sawai Land Suai	Oil palm plantation	31.5.1997	-	3,988 hectares	Leasehold	2054	45,306
Lot 4, Block 1 Kemena Land	Oil palm plantation	31.5.1997	-	2,384 hectares	Leasehold	2054	27,355
Port 663, Block 20 Kemena Land District, Tanjong Kidurong, Bintulu	Palm kernel crushing plant & building	31.5.1997	6	20,000 sq metres	Leasehold	2056	7,380
Lot 9, Block 20 Kemena Land District of Bintulu	Factory building	31.5.1997	12	26,305 sq metres	Leasehold	2016	
Lot 3773, Bk 31 Kemena Land District, Taman Seaview Jalan Tg. Batu, Bintulu	4-storey office building	5.7.1995	9	173 sq metres	Leasehold	2056	772
State of Sabah							
Nos 1 & 3, Tanjung Lipat, Kota Kinabalu	Office building & warehouse	17.12.1984	38	1,231 sq metres	Leasehold	2025	815
51/2 mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	11	10,927 sq metres	Leasehold	2032	5,297



Properties Owned By PPB Group Berhad And Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Sabah							
BFO Building, Jln Tunku Abd Rahman/Jln Laiman Diki 88996 Kota Kinabalu	Office building	21.11.1995	23	8,741 sq metres	Leasehold	2074	12,831
CL 075149325 Karamunting, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	2,248
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Carpark leased out	16.4.1990	46	1,282 sq metres	Leasehold	2053	705
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	211
TL 077533754, District of Sandakan	Factory building	31.5.1997	8 to 26	57,000 sq metres	Leasehold	2037	17,885
TL 077530066, District of Sandakan	Palm kernel crushing plant	31.5.1997	14 to 24	23,000 sq metres	Leasehold	2035	
Lot 1A, KM 15, Jalan Labuk 90000 Sandakan	4 storey office building	4.4.2002	2	1,500 sq metres	Leasehold	2887	2,356
CL 085319946, Labuk-Sugut, Sg. Sapi	Palm oil mill & ancillary building	31.5.1997	4 to 15	23 hectares	Leasehold	2086	4,698
CL 08532201, Labuk-Sugut, Sg. Sapi	Oil palm plantation	31.5.1997	-	3,716 hectares	Leasehold	2086	49,829
CL 085322194, Labuk-Sugut, Sg. Sapi	Oil palm plantation	31.5.1997	-	3,145 hectares	Leasehold	2086	55,113
CL 085322854, Labuk-Sugut, Sg. Kibut	Oil palm plantation, palm oil mill & ancillary buildings	31.5.1997	4 to 8	6,355 hectares	Leasehold	2088	92,151
CL 085208359, Labuk-Sugut, Beluran	Oil palm plantation	31.5.1997	-	972 hectares	Leasehold	2062	20,212
CL 85331040, Labuk-Sugut, Beluran	Oil palm plantation	20.2.2002	-	1,208 hectares	Leasehold	2101	7,245
PT 95092077, PT 95082360, Sg. Sugut, Beluran	Oil palm plantation	18.9.1998	-	7,540 hectares	Leasehold	2096	68,724
CL 085320672, Labuk-Sugut, Sg. Sugut, Beluran	Oil palm plantation	18.9.1998	-	404 hectares	Leasehold	2087	2,784



Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land Area	Tenure	Year of Expiry	Net Book Value at 31.12.2003 RM'000
State of Sabah							
CL 085322587, CL 085322596, CL 085322603, Labuk-Sugut, Moynod, Beluran	Oil palm plantation & palm oil mill	31.5.1997	4 to 13	5,352 hectares	Leasehold	2087	76,407
CL 085313560/ 631/ 640/ 659/ 668/ 677, Labuk-Sugut, Sg. Labuk	Oil palm plantation	31.5.1997	-	1,655 hectares	Leasehold	2081	18,061
TL 017529332 Jln Albert Kok, Kota Kinabalu	Land for property development	8.11.1991	-	3,701 sq metres	Leasehold	2073	4,771
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	3	10,991 hectares	Leasehold	2086	199,982
CL 085320403, Labuk-Sugut, Sg. Sugut	Oil palm plantation	7.12.1998	-	2,832 hectares	Leasehold	2085	39,939
CL085330089 Labuk, Telupid Beluran	Oil palm plantation	30.4.1999	-	3,262 hectares	Leasehold	2096	45,971
CL085333740 Labuk, Telupid Beluran	Oil palm plantation	19.5.2000	-	250 hectares	Leasehold	2096	1,590
CL085333982 Sungai-sungai, District of Beluran	Oil palm plantation	12.8.2003	-	3,642 hectares	Leasehold	2098	19,598
Singapore							
GS Lot 1277C Mukim 7 12 Tuas Avenue 1	Office building & warehouse	11.4.2002	14	4,537 sq metres	Leasehold	2032	4,834
Indonesia							
Desa Talao, Sg. Kunyit, Kecamatan Sangir, Kabupaten Solok, Sumatra Barat	Oil palm plantation & palm oil mill	26.10.2001	2	10,216 hectares	Leasehold	2032	59,109
Sampit, Central Kalimantan	Oil palm plantation	6.7.2000	-	19,511 hectares	Leasehold	yet to be determined	31,633
Seruyan, Central Kalimantan	Oil palm plantation	27.2.2003	-	32,200 hectares	Leasehold	yet to be determined	14,141
Jalan Kolonel Yos Sudarso KM 10, Kawasan Industri Medan	Medical glove factory	27.10.1992	10	39,032 sq metres	Leasehold	2022	5,066
Jalan Insinyur Sutami, KM 7 Kecamatan Tanjung Bintang Lampung Selatan	Medical glove factory (ceased operations)	29.2.1996	14	51,450 sq metres	Leasehold	2008 & 2026	562



STATEMENT OF SHAREHOLDINGS

As at 15 March 2004

Authorised Share Capital
Issued and Fully-Paid Capital
Class of Shares
Voting Rights

RM500,000,000
RM490,623,124
Ordinary Shares of RM1.00 each
One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	341	4.12	9,974	0.00
100 - 1,000	1,623	19.64	1,186,496	0.24
1,001 - 10,000	4,843	58.60	17,366,055	3.54
10,001 - 100,000	1,205	14.58	34,287,422	6.99
100,001 to less than 5% of issued shares	251	3.04	267,231,707	54.47
5% and above of issued shares	2	0.02	170,541,470	34.76
	8,265	100.00	490,623,124	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	No. of Shares			% of Issued Capital
	Direct Interest	Deemed Interest	Total	
Kuok Brothers Sdn Berhad	200,895,523	2,384,956	203,280,479	41.43
Kerry Group Limited	-	37,281,239	37,281,239	7.60
Kerry Holdings Limited	-	37,281,239	37,281,239	7.60

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 Sri Liang Kim Bang	-	-	-	-
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Tan Yew Jin	13,333	*	40,741	0.01
Ang Guan Seng	-	-	20,778,246	4.24
Koh Mei Lee (Alternate to Tan Yew Jin)	30,000	0.01	-	-
Michael Oh Aik Teong (Alternate to Ang Guan Seng)	-	-	-	-



DIRECTORS' INTERESTS IN SHARES (continued)

In Subsidiary Companies	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
FFM Berhad				
Ong le Cheong	-	-	-	-
Datuk Oh Siew Nam	3,000	*	178,250	0.08
Dato' Lim Chee Wah	-	-	-	-
Dato Sri Liang Kim Bang	-	-	-	-
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Tan Yew Jin	-	-	180,625	0.08
Ang Guan Seng	-	-	5,250	*
Koh Mei Lee (Alternate to Tan Yew Jin)	-	-	-	-
Michael Oh Aik Teong (Alternate to Ang Guan Seng)	-	-	-	-
PPB Oil Palms Berhad				
Ong le Cheong	24,000	0.01	-	-
Datuk Oh Siew Nam	20,000	*	36,000	0.01
Dato' Lim Chee Wah	10,000	*	-	-
Dato Sri Liang Kim Bang	10,000	*	-	-
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Tan Yew Jin	65,000	0.01	10,000	*
Ang Guan Seng	-	-	-	-
Koh Mei Lee (Alternate to Tan Yew Jin)	-	-	-	-
Michael Oh Aik Teong (Alternate to Ang Guan Seng)	-	-	-	-

* negligible



THE THIRTY LARGEST SHAREHOLDERS

As per Record of Depositors as at 15 March 2004

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	113,059,821	23.04
2. Kuok Brothers Sdn Berhad	57,481,649	11.72
3. Permodalan Nasional Berhad	20,727,666	4.22
4. Nai Seng Sdn Berhad	20,408,000	4.16
5. HSBC Nominees (Asing) Sdn Bhd <i>For Dalex Investments Limited</i>	20,062,864	4.09
6. Employees Provident Fund Board	15,554,159	3.17
7. HSBC Nominees (Asing) Sdn Bhd <i>For Natalon Company Limited</i>	15,123,333	3.08
8. Kuok Brothers Sdn Berhad	12,680,712	2.58
9. Kuok Brothers Sdn Berhad	9,673,938	1.97
10. Valuecap Sdn Bhd	8,294,800	1.69
11. Kuok Foundation Berhad	6,943,210	1.42
12. Key Development Sdn Berhad	6,266,000	1.28
13. RC Nominees (Tempatan) Sdn Bhd <i>For Kuok Brothers Sdn Berhad</i>	6,000,000	1.22
14. Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd</i> <i>For Government of Singapore</i>	5,757,800	1.17
15. Eng Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd</i> <i>For Sin Heng Chan (1960) Pte Ltd</i>	5,100,000	1.04
16. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	4,950,097	1.01
17. Chinchoo Investment Sdn Berhad	4,923,000	1.00
18. Ophir Holdings Berhad	2,810,877	0.57
19. Shaw Brothers (Johore) Sdn Bhd	2,666,666	0.54
20. Keck Seng (Malaysia) Berhad	2,445,864	0.50
21. Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd</i> <i>For Monetary Authority of Singapore</i>	2,379,900	0.49



Name of Shareholders	No. of Shares	% of Issued Capital
22. Cartaban Nominees (Asing) Sdn Bhd <i>Mellon Bank, N.A.</i> <i>For Virginia Retirement System</i>	2,099,666	0.43
23. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account</i> <i>For Kuok Brothers Sdn Berhad</i>	2,000,000	0.41
24. Pertubuhan Keselamatan Sosial	1,980,000	0.40
25. Cartaban Nominees (Asing) Sdn Bhd <i>Mellon Bank, N.A.</i> <i>For Commonwealth of Massachusetts Pension Reserve Investment Trust</i>	1,944,000	0.40
26. Universiti Malaya	1,800,000	0.37
27. Universiti Kebangsaan Malaysia	1,661,804	0.34
28. HSBC Nominees (Asing) Sdn Bhd <i>For Chipchase Limited</i>	1,634,042	0.33
29. Ang Poon Tiak	1,573,333	0.32
30. Cartaban Nominees (Asing) Sdn Bhd <i>DBS Vickers (Hong Kong) Limited</i> <i>For Doress International Holdings Limited</i>	1,558,268	0.32
	359,561,469	73.29



Group Corporate Directory



AMUSEMENT CENTRE OPERATIONS

Kerry Leisure Concepts Sdn Bhd
Main Office
Lot 2.37, Level 2, Cheras LeisureMall
Jalan Manis 6, Taman Segar,
Cheras, 56100 Kuala Lumpur
Tel : 03-91311663
Contact Person :
Mr Han Yew Kong (GM)

ANIMAL FEED MILLING

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 (ED)

FFM Feedmills (Sabah) Sdn Bhd
Main Office/Factory
5 1/2 Mile, Off Jalan Tuaran
Kolombong Industrial Estate
Kota Kinabalu, Sabah
Tel : 088-426310
Contact Person :
Mr Chia Ngun How (D/GM)

FFM Feedmills (Sarawak) Sdn Bhd
Main Office/Factory
Lot 2231, Jalan Kilang
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-482751
Contact Person :
Mr Lee Cho Fatt (D/GM)



CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd
Main Office
1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77295666
Contact Person :
Mr Irving Chee (GM)

CHEMICALS MANUFACTURING

Asia Pacific Microspheres Sdn Bhd
Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55181188
Contact Person :
Mr Huen Foo Seng (GM)

**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 (GM)

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 (MD)

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 (GM)



EDIBLE OILS REFINING

P GEO 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 (MD)

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
(Factory Manager)

Sandakan Edible Oils Sdn Bhd
Main Office/Factory
Km 8, Jalan Batu Sapi, Karamunting
P.O. Box 2605,
90729 Sandakan, Sabah
Tel : 089-611011
Contact Person :
Mrs Fung Kia Fen (M)

Lahad Datu Edible Oils Sdn Bhd

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

EDIBLE OILS TRADING

Kuok Oils & Grains Pte Ltd
Main Office
1 Kim Seng Promenade
Great World City #05-01
Singapore 237994
Tel : 02-67388622
Contact Person :
Mr Kwok Kian Hai (MD)

ENGINEERING SERVICES

**Minsec Engineering
Services Sdn Bhd**
Main Office
Lot 844, Jalan Subang 7
Taman Perindustrian Subang
47500 Subang Jaya, Selangor
Tel : 03-80247650
Contact Person :
Mr Saw Kong Beng (D/GM)



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 (MD)

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 (MD)

Vietnam Flour Mills Ltd
Factory
Myxuan A Industrial Zone
Myxuan, Tan Thanh District
Ba Ria Vung Tau Province, Vietnam
Tel : 0084-64894883
Contact Person :
Mr Patrick Wong (Chief Accountant)

**FFM Flour Mills (Sarawak)
Sdn Bhd**
Main Office/Factory
Lot 505, Block 8,
Muara Tebas Land District
Sejingkat Industrial Park, Jalan Bako
93050 Kuching, Sarawak
Tel : 082-439449
Contact Person :
Mr Terry Kho (Factory Manager)



GLOVE MANUFACTURING

PT Healthcare Glovindo
Main Office/Factory
Jl. Kol. Yos Sudarso Km10.5
Kawasan Industri Medan (KIM)
Medan 20242, Indonesia
Tel : 00 62 61 6850015/6
Contact Person :
Mr Lawrence Kok (D/GM)



LIVESTOCK 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
 (Technical Director)



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 Tan Yew Jin
 (Exec. Chairman)

Main Office (Sabah)

Lot 1A, KM 15
 Labuk Road
 90000 Sandakan, Sabah
 Tel : 089-670208
 Contact Person :
 Mr Khoo Eng Min
 (Group GM)

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 Koh Hong Lian (GM)

Main Office (Indonesia)
 PT Tidar Sungkai Sawit
 Jalan Tanah Abang III/14
 10160 Jakarta, Indonesia
 Tel : 00 62 21 3853625
 Contact Person :
 Mr Lee Weng Kean
 (President Director)

Clonal Palms Sdn Bhd

Main Office
 172, Lot 1829, Ground Floor
 Lorong Kota Padawan 3, KCLD
 10th Mile Penrissen Road
 93250 Kuching, Sarawak
 Tel : 082-614653
 Contact Person :
 Mr Jimmy Thong (M)

South Island Mining Co.

Sdn Bhd
 Main Office
 330 Simco Bungalow,
 Sg Toh Pawang
 08100 Bedong, Kedah
 Tel : 04-44581126
 Contact Person :
 Mr Chong Seng Meng (M)



PACKAGING

Tego Sdn Bhd

Main Office/Factory
 Lot 5-8,
 Senawang Industrial Estate
 70450 Seremban, Negeri
 Sembilan
 Tel : 06-6773361
 Contact Person :
 Mr Boo Yew Leng (MD)

Tego Multifil Sdn Bhd

Factory
 Lot 9, Lorong Bunga Tanjung 1/2
 Senawang Industrial Park
 70400 Seremban, Negeri
 Sembilan
 Tel : 06-6778721
 Contact Person :
 Mr Boo Yew Leng (MD)

PROPERTY OWNERS/DEVELOPER

PPB Hartabina Sdn Bhd

Main Office
 L2-01A, 2nd Floor,
 Cheras LeisureMall
 Jalan Manis 6, Taman Segar,
 Cheras, 56100 Kuala Lumpur
 Tel : 03-91305088
 Contact Person :
 Mr Lim Khok Hwa (GM)

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 (M)



SUGAR OPERATIONS

Malayan Sugar Manufacturing Co Berhad

Main Office
 18th Floor, Wisma Jerneh
 38 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel : 03-21484388
 Contact Person :
 Mr Chua Say Sin (MD)

Kilang Gula Felde Perlis Sdn Bhd

Main Office/Factory
 Chuping, 21/2 km, Jln Kilang
 Gula, Chuping, Perlis
 Tel : 04-9441301
 Contact Person :
 En Rosman Hashim (GM)

PPB Group Berhad (Cane Division)

Plantation
 KM 23, Jalan Kilang Gula,
 Chuping, 02400 Baseri, Perlis
 Tel : 04-9441002
 Contact Person :
 Tengku Shahrin (GM)



UTILITIES & ENVIRONMENTAL ENGINEERING

Chemquest Sdn Bhd

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

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 (D)

Konsortium Abass Sdn Bhd

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



LEGEND

D - Director
 ED - Executive Director
 GM - General Manager
 M - Manager
 MD - Managing Director



NOTICE OF ANNUAL GENERAL MEETING

Date/Time: Friday, 14 May 2004 at 9.30 a.m.

Venue: 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of PPB Group Berhad will be held at 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 14 May 2004 at 9.30 a.m. for the following purposes :-

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2003, and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a final dividend of 16 sen per share comprising 5 sen tax exempt and 11 sen less 28% income tax for the year ended 31 December 2003 as recommended by the Directors. (Resolution 2)
(See note 2)
3. To approve Directors' fees. (Resolution 3)
- 4.1 To elect Raja Dato' Seri Abdul Aziz bin Raja Salim 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) Dato' Lim Chee Wah (Resolution 5)
 - ii) Ang Guan Seng (Resolution 6)
5. To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

As Special Business

To consider, and if thought fit, to pass the following Ordinary Resolutions :-

ORDINARY RESOLUTIONS

- 6.1 **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**
"THAT subject to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Malaysia Securities Exchange Berhad." (See Note 3(i)) (Resolution 8)
- 6.2 **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
The text of the above resolution(s) together with the details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 22 April 2004. (See Note 3(ii)) (Resolutions 9 - 14)
7. To transact any other business of an Annual General Meeting.

Kuala Lumpur
22 April 2004

By Order of the Board
TAN TEONG BOON
Company Secretary

Notes :-**1. Appointment of Proxy**

- i) A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- ii) A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- iii) The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- iv) 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. Dividend Entitlement

Subject to the approval of members at the Annual General Meeting to be held on Friday, 14 May 2004, the proposed final dividend will be paid on Friday, 28 May 2004 to members whose names appear in the Record of Depositors on Friday, 21 May 2004.

A Depositor shall qualify for entitlement in respect of :

- i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 21 May 2004 in respect of ordinary transfers; and
- ii) Shares bought on the Malaysia Securities Exchange Berhad on cum entitlement basis according to the Rules of the Malaysia Securities Exchange Berhad.

3. Special Businesses**i) Authority to allot shares pursuant to Section 132D of the Companies Act, 1965**

The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten per centum (10%) of the Company's issued share capital.

With the passing of Resolution 8 mentioned above by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

ii) Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The relevant information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 22 April 2004 which is despatched together with the Company's 2003 Annual Report.

4. Statement Accompanying the Notice of Annual General Meeting

Additional information pursuant to Paragraph 8.28 of the Listing Requirements of the Malaysia Securities Exchange Berhad is set out in Annexure A in the 2003 Annual Report.



STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

35th Annual General Meeting of PPB GROUP BERHAD

Date : Friday, 14 May 2004

Time : 9.30 a.m.

Venue : 19th Floor, Wisma Jerneh,
38 Jalan Sultan Ismail
50250 Kuala Lumpur

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

Raja Dato' Seri Abdul Aziz bin Raja Salim

Dato' Lim Chee Wah

Ang Guan Seng

2. **DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2003 :-**

The details of Directors' attendance at Board Meetings are disclosed in the Corporate Governance Statement on page 20.

3. **DETAILS OF THE DIRECTORS WHO ARE STANDING FOR ELECTION OR RE-ELECTION :-**

The details of Raja Dato' Seri Abdul Aziz bin Raja Salim, Dato' Lim Chee Wah and Ang Guan Seng are disclosed under the Board of Directors' Profile on pages 15 and 16. The shareholdings of these Directors in the Company and its subsidiaries are disclosed under the Statement of Shareholdings on pages 156 and 157.

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 35th Annual General Meeting of the Company to be held on Friday, 14 May 2004 at 9.30 a.m. and at any adjournment thereof.

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

No.	Resolutions	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 2003.		
3	To approve the payment of Directors' fees.		
4	To elect Raja Dato' Seri Abdul Aziz bin Raja Salim as Director.		
5	To re-elect Dato' Lim Chee Wah as Director.		
6	To re-elect Ang Guan Seng as Director.		
7	To re-appoint Messrs Moores Rowland as the Auditors of the Company.		
8	To authorise the Directors to allot and issue shares.		
9	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Kuok Brothers Sdn Bhd (KBSB) and persons connected to KBSB.		
10	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Kerry Group Limited/Kerry Holdings Limited (KGL/KHL) and persons connected to KGL/KHL.		
11	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Datuk Oh Siew Nam (DOSN) and persons connected to DOSN.		
12	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Ang Guan Seng (AGS) and persons connected to AGS.		
13	Shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Dato' Abd Jabid bin Mohd Don (DAJ) and persons connected to DAJ.		
14	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with Raymond Chow Ting Hsing (RC) and persons connected to RC.		

(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/her discretion.)

Number of shares held

Signed this ____ day of _____ 2004

NOTES :

- A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- 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.

Signature

FOLD HERE

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



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