

CONTRACT MANUFACTURING



BACKGROUND INFORMATION

Products Manufacturing Sdn Bhd (PM), a 70% subsidiary of Chemquest Sdn Bhd, was acquired by PPB Group in 1993 to provide contract manufacturing services for cosmetics, toiletries and household products industries.

PM's factory located at Jalan Kepong, Kuala Lumpur is equipped with high-tech machineries and a qualified workforce. PM produces a variety of products such as creams, cold and hot mix liquids, lotions, gels, powders and pastes for the hair care, skin care, baby care, body care, household and car care market.

PM has been accredited with the Good Manufacturing Practice status since 1995 by Malaysia's Ministry of Health as its factory complies with the requirements of the Drug and Cosmetics Regulations Act, 1994.

MAJOR ACTIVITIES IN 2005

There were no major activities during the year.

EXPANSION / FUTURE PLANS

PM is constantly seeking business opportunities to expand its operations and to venture into other related markets.



EDIBLE OILS REFINING



BACKGROUND INFORMATION

PGEO Group Sdn Bhd [PGSB] is a major edible oils refiner and exporter in Malaysia, processing more than 3 million mt of edible oils per year.

PGSB and its associate operate six refineries in Malaysia with a combined production capacity of about 12,780 mt per day. About 90% of the Group's production is exported to India, China, Middle East, Pakistan, EU countries, USA and Russia whilst the balance is sold locally.

PGSB Group's activities are vertically integrated from the conversion of crude oils into refined oil products to production of shortening and hydrogenated products, cocoa butter replacers and other specialty fats which are marketed in bulk, drums and consumer packs.

The location of PGSB's operations are set out below:-

Edible Oils Refining	- Prai, Lumut, Pasir Gudang, Bintulu, Sandakan and Lahad Datu
Dry Fractionation	- Prai, Lumut, Pasir Gudang, Bintulu, Sandakan and Lahad Datu
Palm Kernel Crushing	- Bintulu, Sandakan and Lahad Datu
Hydrogenation	- Pasir Gudang
Texturising	- Pasir Gudang
Palm Kernel Oil Fractionation	- Pasir Gudang
Calcium Salts Manufacturing	- Pasir Gudang
Biomass-fired Steam Generator Plant	- Lumut



The Group's equity interest in PGSB's subsidiaries and associates are as follows :-

	Group's Equity Interest
• PGEO Edible Oils Sdn Bhd (PGEO)	100%
• Sandakan Edible Oils Sdn Bhd (SEO)	100%
• Bintulu Edible Oils Sdn Bhd (BEO)	100%
• PGEO Energy Sdn Bhd (PESB)	100%
• SEO Energy Sdn Bhd	100%
• Green Universe Sdn Bhd	100%
• Volac Ingredients Sdn Bhd	51%
• Lahad Datu Edible Oils Sdn Bhd	45%
• KOG Edible Oils BV, Netherlands	35%

MAJOR ACTIVITIES IN 2005

In February 2005, PESB completed the construction of a Biomass-fired Steam Generator Plant in Lumut. The biomass renewable energy production reduces the use of mineral fuel oil and production cost.

BEO expanded the production capacity of its kernel crushing plant in Bintulu in April 2005 and acquired a 10-acre land also in Bintulu in June 2005 for expansion purposes.

In the year, PGEO expanded the production capacity of its hydrogenation plant and constructed the 3rd dry fractionation plant for the production of specialty fats. Both plants are located in Pasir Gudang.

SEO acquired 12 acres of industrial land in Sandakan in June 2005 for the expansion of its manufacturing facilities.

EXPANSION / FUTURE PLANS

For 2006, PGEO Group will be carrying out several upgrading works to ensure that its production technology is ahead or at least in tandem with global standards and its products are in compliance with current and future customer requirements. PGEO Group's second renewable energy production project in Sandakan will be completed in mid-2006.

The Group is constantly exploring new opportunities in the oleochemical and biodiesel industries and will continue to emphasize on research and development to identify other downstream or value added products that will create new markets for the Group.



ENGINEERING SERVICES



BACKGROUND INFORMATION

Minsec Engineering Services Sdn Bhd (MES), a 100% subsidiary of Chemquest Group, provides services in engineering design, equipment fabrication, installation, plant operation, training and maintenance to clients in Malaysia and Asia Pacific.

MES is also involved in turnkey construction of palm oil and sugar mills, bulking and storage facilities, factory buildings and ethanol and formalin plants in Malaysia and Indonesia.

MES core business lies in the construction of palm oil mills. To date, MES has constructed numerous mills in East Malaysia and successfully completed several large expansion and refurbishing works in the agricultural sector.

MAJOR ACTIVITIES IN 2005

The major projects undertaken by MES during the year with a total contract value of RM103 million are as follows :-

- Construction of a warehouse building and upgrading and expansion works of a flour mill for FFM Berhad at Pulau Indah;
- Upgrading and expansion works at Central Sugar Refinery;
- Civil works for a new kernel crushing plant for Sandakan Edible Oils Sdn Bhd in Sandakan, Sabah;
- Construction of a 60 tph expandable to 120 tph palm oil mill for RH Selangau Palm Oil Mill, Sarawak;
- Construction of a 60 tph expandable to 120 tph palm oil mill for PT Mustika Sembuluh in Sampit, Kalimantan;
- Supply sugar refinery equipment to PT Permata Dunia Sukses Utama, Indonesia; and
- Various upgrading and expansion works for oil palm plantations in Sabah and Sarawak

EXPANSION / FUTURE PLANS

MES plans to supply co-generation and composting plants for palm biomass projects.



ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT & UTILITIES



BACKGROUND INFORMATION

Chemical Waste Management Sdn Bhd [CWM], a 99% subsidiary of Chemquest Group is a leading service provider for water resource engineering, wastewater / sewage treatment and solid waste management.

CWM provides the following services :-

- Build, commission and manage various water treatment facilities for household and industrial consumption.
- Construct wastewater treatment plants for various types of industries.
- Construct sewage treatment plants for municipal authorities.
- Infrastructure development.
- Collect and dispose industrial and residential solid waste on large scale for various municipalities in Malaysia.

To date, CWM has successfully commissioned more than 20 water projects throughout Malaysia and 50 wastewater treatment plants for various types of industries.

MAJOR ACTIVITIES IN 2005

For 2005, CWM completed four projects with a total contract value of RM109.0 million as follows :-

- Construction of a pumping station for the Bukit Badong Distribution and Supply System;
- Replacement and upgrading of transformers for the Raw and Treated Water Pumping Stations at the Sungai Semenyih Water Treatment Plant;
- Upgrading and rehabilitation of the Chemical Plant at the Sungei Semenyih Treatment Plant; and
- Desludging system at the Sungai Semenyih Water Treatment Plant.

CWM currently has five on-going projects with a total contract value of RM150.0 million and has secured two Design and Build projects in Penang with a total contract value of RM114.0 million during the year as follows :-

- Potable ultra-filtration treatment plant in Bukit Pancor which will be the first municipal plant in Malaysia using membrane technology; and
- Sewage treatment plant in Jelutong, reputed to be the largest sewage treatment plant in Malaysia and the largest sequencing batch reactors (SBR) plant in Asia.

EXPANSION / FUTURE PLANS

CWM will continue its efforts to seek opportunities to expand its range of services, explore new markets locally and overseas, harness new technologies as well as leverage on strategic partnerships for sustainable growth.



FLOUR MILLING



BACKGROUND INFORMATION

FFM Berhad (FFM) commenced its wheat milling operations in 1966 with a single 150 mt per day wheat flour mill in South Port, Klang. Today, FFM Group has grown to become the largest flour miller in Malaysia supplying more than 40% of the country's wheat flour requirements. Its milling complexes are strategically located in South Port, Port Klang; Pasir Gudang, Johor Bahru; Pulau Indah, Port Klang; Kuching, Sarawak; and Vietnam with a total milling capacity of 2,430 mt per day.

FFM expanded its operations overseas to Vietnam through its 100% subsidiary, Vietnam Flour Mills Ltd, which operates a 400-mt flour mill in My Xuan, Vung Tau Province in 2001. The flour produced by the plant is presently marketed under the brand names of Red Key, Blue Key and Twin Globe.

In 2004, FFM Group acquired 43.35% equity interest in Kerry Flour Mills Limited which enabled FFM Group to expand its wheat flour milling activity to Thailand.

Products produced for the domestic market include:-

- Wheat Flour - Bread, Noodles, Biscuits, Cakes, All-Purpose
- Specialty Wheat Flour Products - Semolina, Special Wholemeal
- Other Wheat Specialty Products - Wheat, Food Bran, Wheat Germ
- Bread Improvers & Premixers - Cake Donut, Yeast-Raised Donut

FFM's subsidiaries and associate which are engaged in flour milling are as follows :-

- Johor Bahru Flour Mill Sdn Bhd
- FFM Flour Mills (Sarawak) Sdn Bhd
- Vietnam Flour Mills Limited
- Kerry Flour Mills Limited

MAJOR ACTIVITIES IN 2005

In November 2005, FFM commenced operations of its 2nd flour mill with a daily wheat milling capacity of 500 mt at Pulau Indah bringing the total milling capacity at Pulau Indah to 1,000 mt.

EXPANSION / FUTURE PLANS

FFM plans to expand its flour milling operations and intends to construct a 360 tpd wheat flour mill in Prai, Province Wellesley.



GLOVE MANUFACTURING



BACKGROUND INFORMATION

PT Healthcare Glovindo [Glovindo], a 100% subsidiary of Chemquest Group, operates a latex examination glove factory in Medan, Sumatra with seventeen dipping lines and an annual production capacity of 900 million pieces.

Glovindo produces pre-powdered and powder-free latex examination gloves for medical and industrial use. All products are exported mainly to the United States, Europe and Latin America. Glovindo's own brand known as "MEDIQUEST" is sold to Portugal and Greece.

In 1997, Glovindo received the ISO 9002 certification for its products.

PRODUCTION RESULTS

	NO. OF GLOVES	
	2005	2004
Total Production	1,165 million	686 million

MAJOR ACTIVITIES IN 2005

There were no major activities during the year.

EXPANSION / FUTURE PLANS

Glovindo is studying the possibility of installing a biomass boiler at its factory to augment the supply of fuel oil. An additional three production lines will be constructed once the supply of fuel and electricity power have been stabilized.

