

ANNUAL REPORT 2000



PPB GROUP BERHAD

(INCORPORATED IN MALAYSIA)

(8167-W)

PPB GROUP BERHAD

2000 ANNUAL REPORT

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Friday, 11 May 2001 at 2.00 pm

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

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of PPB Group Berhad (formerly known as Perlis Plantations Berhad) will be held at 19th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 11 May 2001 at 2.00 pm for the following purposes:-

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2000, and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final dividend of 10% less 28% income tax for the year ended 31 December 2000 as recommended by the Directors payable on Thursday, 31 May 2001 to shareholders registered in the Company's books at the close of business on Monday, 14 May 2001. **(Resolution 2)**
3. To approve Directors' fees. **(Resolution 3)**
- 4.1 To elect Dato' Lim Chee Wah who retires by rotation in accordance with the Articles of Association of the Company. **(Resolution 4)**
- 4.2 To consider, and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-
 "That pursuant to Section 129(6) of the Companies Act 1965, Dato' Abd Jabid bin Mohd Don be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 5)**
5. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business of an Annual General Meeting.

By Order of the Board

TAN TEONG BOON

Company Secretary

Kuala Lumpur

24 April 2001

NOTES:-

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer, or his/her attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Ie Cheong
(Chairman & Managing Director)

Datuk Oh Siew Nam
(Deputy Chairman)

Dato' Lim Chee Wah
(Executive Director)

Dato' Abd Jabid bin Mohd Don
(Independent Non-Executive Director)

Dato' Liang Kim Bang
(Independent Non-Executive Director)

Ang Guan Seng
(Independent Non-Executive Director)

AUDIT COMMITTEE

Dato' Abd Jabid bin Mohd Don
(Chairman)

Dato' Liang Kim Bang

Ang Guan Seng

SECRETARY

Tan Teong Boon

Domicile

Malaysia

Legal Form and Place of Incorporation

Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965.

Registered Office

17th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone: 03-21412077
Facsimile: 03-21418242
E-mail: ppb@po.jaring.my
Website: www.ppbgroup.com

Solicitors

Lee Hishammuddin
Level 16 Menara Phileo
189 Jalan Tun Razak
50400 Kuala Lumpur

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

Principal Bankers

Malayan Banking Berhad

Citibank Berhad

Standard Chartered Bank
Malaysia Berhad

HSBC Bank Malaysia Berhad

Southern Bank Berhad

Auditors

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

Registrars

PPB Corporate Services
Sdn Bhd

14th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone: 03-21412077

Stock Exchange Listing

Kuala Lumpur Stock Exchange
(Main Board)

Sector: Consumer Products

Stock Number: 4065

ISIN: MYL406500008

Reuters Code: PEPT.KL

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows:-

- (a) To review with the auditors the audit plan and their evaluation of the system of internal accounting controls.
- (b) To review the assistance given by the Company's officers to the auditors, the scope and results of the internal audit procedures and any related party transactions within the Company or the Group.
- (c) To review the consolidated financial statements of the Group and the financial statements of the Company together with the Directors' and auditors' reports thereon and submit them to the Board of Directors.
- (d) To nominate persons for appointment as auditors of the Company.

2000**CORPORATE DIARY**

29 FEBRUARY	Announcement of final results for the financial year ended 31 December 1999.
12 APRIL	Issue of PPB's 1999 Annual Report.
27 APRIL	PPB's 31st Annual General Meeting and Extraordinary General Meeting to approve various transactions to streamline the Group's operations. Announcement of the Quarterly Report for the three (3) months ended 31 March 2000.
8 MAY	Change of the Company's name from "Perlis Plantations Berhad" to "PPB Group Berhad".
8 AUGUST	PPB launched its website, www.ppbgroup.com .
11 AUGUST	Announcement of the Quarterly Report for the six (6) months ended 30 June 2000.
14 AUGUST	Press briefing on PPB's results for the six (6) months ended 30 June 2000.
15 SEPTEMBER	PPB's wholly-owned subsidiary, Savers Retail Sdn Bhd, ceased its departmental and discount store operations.
10 NOVEMBER	Announcement of the Quarterly Report for the nine (9) months ended 30 September 2000.
14 NOVEMBER	PPB entered into a Shares Sale Agreement to dispose of its 70% equity interest in PT Tidar Sungkai Sawit to PPB Oil Palms Berhad.
17 NOVEMBER	Chemquest Sdn Bhd entered into an agreement to subscribe for up to 10% equity interest in VMS Technology Pte Ltd, Singapore which is engaged in the development and marketing of computer telephony products.
11 DECEMBER	Konsortium ABASS Sdn Bhd, an associated company of Chemical Waste Management Sdn Bhd, signed a Privatisation and Concession Agreement with the State Government of Selangor for the operation and maintenance of the Sungei Semenyih Dam and Water Treatment Plant and other water related works for a period of 30 years.
21 DECEMBER	PPB divested its entire 34.8% equity interest in RA-PPB (Tops) Retail Sdn Bhd.

DIVIDEND**RECORD**

TYPE OF DIVIDEND	RATE	PAYMENT DATE	FOR FINANCIAL YEAR
Special	8% less tax	3 February 2000	1999
Final	8% less tax	17 May 2000	1999
Interim	10% (5% tax exempt and 5% less tax)	22 September 2000	2000

CHAIRMAN'S Statement



Overview of Results

On behalf of the Board of Directors, I am glad to report that PPB Group Berhad recorded a consolidated pre-tax profit of RM408.9 million for the year ended 31 December 2000 compared with RM369.5 million for the previous year, representing an increase of 10.7%. The above results were achieved on a lower revenue of RM5.271 billion compared with RM6.729 billion previously.

Exceptional gains of RM96.1 million arising from the disposal of the Group's 34.8% equity interest in RA-PPB (Tops) Retail Sdn Bhd and certain listed investments contributed significantly to Group results.

After taxation and minority interests, the profit attributable to shareholders amounted to RM244.5 million, equivalent to 66.44 sen per share.

Review of Operations

food industries

The Food Industries division continued to contribute substantially to overall Group profits with satisfactory performance in the sugar, flour and animal feed operations. Edible oils refining experienced difficult trading conditions due to declining demand and lower CPO prices thus affecting operating margins.

As a measure to improve competitiveness and refining margins, the Group's refining operations under FFM Berhad and PPB Oil Palms Berhad were transferred to a new holding company, Struktur Idaman Sdn Bhd, during the year.



plantations

The Plantation operations had a very difficult year. Depressed CPO prices resulted in a 84.5% drop in profits compared with the previous year. FFB production by our subsidiary, PPBOP, saw a marginal 3.4% increase from 777,698 mt to 803,926 mt from 45,240 ha of matured palms out of a total of 58,254 ha planted as at 31 December 2000.

Average CPO price received in 2000 was about RM918 per mt compared with RM1,363 per mt in 1999. CPO prices declined further to reach a low of about RM710 per mt in the last quarter of 2000.



manufacturing and services



The restructuring of the Group's glove manufacturing operations and engineering services under Chemquest Group was completed during the year. The contributions from this division were lower mainly due to losses incurred by the glove operations and reduced contributions from microspheres manufacturing. Waste management and water treatment activities managed to maintain their performance.

In December 2000, Chemquest Group acquired a 25% equity interest in Konsortium ABASS Sdn Bhd which has been awarded a 30-year concession to operate the Sungei Semenyih Dam and Water Treatment Plant. Chemquest Group also agreed to subscribe for up to 10% interest in VMS Technology Holdings Pte Ltd, Singapore which is engaged in the development and marketing of computer telephony products in the Asian region.

With the improved freight market, our investment in shipping operations achieved a higher profit through our 20% associated company, Malaysian Bulk Carriers Sdn Bhd.

property, entertainment and retailing

The Group ceased to be involved in retailing activities following the divestment of its 34.8% stake in RA-PPB (Tops) Retail Sdn Bhd and the closure of the "Savers" discount stores at the end of 2000.

The cinema business was still affected by video piracy and the high entertainment tax. Efforts were made to reduce losses by closing down the unprofitable stand-alone cinema halls and implementing stringent cost control measures. We are targeting to turnaround this business by year 2004. The family leisure business was affected by the Government's decision to ban all video games in the country.

Occupancy of the Group's commercial properties continued to be high and contributed positively to profits.



Group Capital Expenditure in 2000

Whilst taking steps to streamline and rationalise the Group's activities and corporate structure, efforts were also made to expand the Group's existing core businesses. Total capital expenditure incurred during the year amounted to RM205.9 million and the major items are as follows:-

- FFM Group spent RM78.2 million on its new flour mill facilities in Westport, Klang and Vietnam and an egg layer farm in Trong, Perak;
- PPBOP Group invested RM79.2 million on plantation development, completion of two new CPO mills and purchase of other fixed assets;
- Malayan Sugar Manufacturing Co Berhad spent RM14.8 million for construction of a new raw sugar warehouse and purchase of plant and machinery for its sugar refinery at Prai, Province Wellesley; and
- Chemquest Group spent RM8.7 million on plant, machinery and equipment for its manufacturing and waste management operations.

Dividends

A final dividend of 10% less tax has been recommended for payment on 31 May 2001. With the interim dividend of 10% (5% tax exempt and 5% less tax) paid on 22 September 2000, the total dividend for the year ended 31 December 2000 is 20% comprising 5% tax exempt and 15% less tax which amounts to RM58.1 million (1999: RM63.6 million).

Prospects for 2001

The Food Industries division is expected to be the main contributor to Group profits even though demand for sugar, flour, animal feed and edible oils is expected to remain flat.

Contributions from the Plantation division are expected to be depressed unless CPO prices improve. The adverse effects will be mitigated to some extent by a 15% to 20% increase in FFB production arising from yield improvements, greater maturity of the palms and an increase in matured acreage.

Water treatment under Konsortium ABASS together with environmental engineering and waste management operations will take on a more significant role and continue to contribute increasingly to Group profits.

With the launching of sales of residential properties at Taman Segar, Cheras, the Property division is expected to contribute higher profits for the year.

Year 2001 will be another challenging year for the Group. The lessons learned and experience gained in year 2000 will be used to take the Group forward. It is our challenge in the new financial year to deliver on the fundamentals – creating shareholder value by enhancing the value of our core activities and to further expand into the utilities and infrastructure industry to reduce our heavy dependence on our foods business activities.

Directorate

On behalf of the Board and shareholders, we accept with regret, the resignation of Mr Kuok Khoon Ean from the Board on 7 March 2001. Mr Kuok had been on the Board since September 1985 and served as Chairman from June 1993 to April 2000. We wish to express our sincere thanks and deep appreciation for his wise counsel and guidance during his tenure on the Board.

Appreciation

We have great people with unique capabilities in all our businesses and your Directors remain confident of the future of the PPB Group. On behalf of the Board of Directors and shareholders, I would like to thank all employees for their hard work and unwavering commitment in a difficult year. We have no doubt that they will continue to give their best in the year 2001.

Ong Ie Cheong

Chairman

15 March 2001

REVIEW

of Business Activities



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FOOD INDUSTRIES

Review of Operations



*Storage tanks at Bintulu
Edible Oils' refinery*

Revenue from the Food Industries for the year 2000 decreased by 22.7% to RM5.1 billion (1999: RM6.6 billion) due to lower refined palm oil prices. Profit before tax for this division declined by 9.7% to RM247.6 million (1999: RM274.2 million) mainly due to higher fuel costs, increased competition and lower edible oil refining margins.

However, Food Industries remain a major contributor to Group results, contributing 59.1% of total revenue and 60.6% of consolidated profit before tax. PPB's 4,350-ha sugar cane plantation at Chuping, Perlis harvested 308,938 mt of cane in the 1999/2000 season, a decrease of 13% over the previous season due to unfavourable weather conditions. The cane is processed at an integrated sugar mill and refinery owned by our 50% associated company, Kilang Gula Felda Perlis Sdn Bhd ("KGFP"). Malayan Sugar Manufacturing Co. Berhad ("MSM"), a wholly-owned subsidiary of PPB, operates the region's largest sugar refinery at Prai, which refines imported raw sugar for the domestic and export markets. MSM and KGFP together supply about 60% of domestic sugar requirements.

FFM's new layer farm in Trong, Perak



FFM Berhad's ("FFM") flour mills at Port Klang and Pasir Gudang, Johor supply about 50% of the country's flour requirements. It is the biggest feed miller in Malaysia with five feedmills in Peninsular and East Malaysia. FFM has integrated downwards into broiler breeder and layer farms. The new layer farm in Trong, Perak costing RM19.7 million commenced operations in July 2000. It has a production capacity of 7 million eggs per month and is currently producing 3 million eggs per month.

Main Products	Company	PPB Group Interest	Production ('000 mt)	
			2000	1999
Refined sugar	Malayan Sugar Manufacturing Co Bhd Kilang Gula Felda Perlis Sdn Bhd	100.0%	538.0	554.0
		50.0%	127.9	129.0
Flour	FFM Bhd Group	53.8%	325.4	337.7
Animal feed			341.3	305.2
Soyabean meal			51.5	82.6
Edible oils refined	FFM Bhd Group PPB Oil Palms Bhd Group	53.8%	1,359.2	1,273.0
		57.9%	999.9	1,059.3

The FFM Group has the country's largest palm oil refining capacity with five refineries in Peninsular and East Malaysia. It also produces cooking oils which are marketed under various brands such as "Neptune" and "Seri Murni". PPB Oil Palms Berhad ("PPBOP") Group operates two refineries in Sabah and Sarawak. In December 2000, the edible refining operations of PPBOP and FFM were merged under a new entity, Struktur Idaman Sdn Bhd, to reduce overhead costs, optimise resources and enhance efficiency through economies of scale. The refineries under FFM and PPBOP achieved a total production of 2.4 million mt of refined edible oils representing a marginal increase of 1.2% over the previous year. However, refining profit declined sharply in year 2000 mainly due to the poor export demand and decreased margins from stiff competition.

Looking Ahead

FFM's new 500-mt per day flour mill complex with grain storage facility of 80,000 mt is being constructed at West Port, Port Klang at a cost of RM90 million and is scheduled to commence operations in April 2001. The FFM Group is currently constructing flour mills in Vietnam and Kuching with capacities of 400 mt and 220 mt per day respectively at a total cost of RM126 million. The flour mill in Vietnam is scheduled to commence operations by July 2001 whilst the mill in Kuching will be commissioned in 2002.

Harvesting season at cane plantation in Chuping, Perlis



Construction of FFM's new flour mill complex at West Port, Port Klang



PLANTATIONS

Review of Operations



Clonal palm nursery and CPO mill at Saremas Estate, Sarawak

The Plantations division recorded lower revenue and profits for the year due to the sharp decline in the average CPO price achieved, from RM1,363 to RM918 per mt. Revenue decreased to RM254.2 million in year 2000 (1999: RM352.9 million) whilst profit contribution was lower by 85.3% to RM16.9 million (1999: RM115.2 million).

The Plantation operations of the Group are mainly held through PPBOP. In East Malaysia, PPBOP owns eight plantations with a titled area of 75,135 ha, six crude palm oil (CPO) mills and two refineries. During the year, PPBOP expanded its operations to Central Kalimantan, Indonesia by acquiring a 90% subsidiary, PT Mustika Sembuluh which is developing 15,366 ha of land into an oil palm plantation. With this acquisition, PPBOP's land bank increased by 20% to 90,501 ha.

During the year, PPBOP's planted area increased by 3% to 58,254 ha while the matured area grew by 6% to 45,240 ha. Production of fresh fruit bunches (FFB) improved to 803,900 mt but the average yield per hectare declined marginally to 17.8 mt from 18.3 mt due to the harvesting of newly matured palms during the year.

Oil Palm Plantations														
Name	Location	Year 1st	Group Interest	Title Area	Planted Area (ha)		Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM million)	
		Planted	(%)	(ha)	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
East Malaysia														
1. Sapi Plantations	Sabah	1981	100	14,514	13,429	13,356	13,310	13,356	280,650	325,422	21.1	24.4	21.5	60.8
2. Reka Halus	Sabah	1990	70	5,352	4,651	4,647	4,647	4,647	121,458	135,889	26.1	29.2	12.4	29.4
3. Kiabau Plantations	Sabah	1992	100	1,655	1,108	1,108	1,108	1,108	22,539	21,279	20.3	19.2	0.7	2.6
4. Sabahmas Plantations	Sabah	1994	100	10,991	10,028	10,402	5,953	5,318	64,665	24,537	10.9	4.6	(8.6)	(8.9)
5. Hibumas	Sabah	1998	89.8	7,540	3,802	3,802	-	-	-	-	-	-	-	-
6. Sri Kamusan	Sabah	1999	100	2,832	530	530	-	-	-	-	-	-	-	-
7. Ribubonus	Sabah	2000	100	3,262	1,800	510	-	-	-	-	-	-	-	-
8. Saremas	Sarawak	1987	100	12,180	8,771	8,671	7,737	7,267	157,986	149,920	20.4	20.6	7.7	24.2
9. Suai Plantations	Sarawak	1978	100	5,674	4,714	4,681	4,081	4,333	77,103	72,889	18.9	16.8	1.8	8.3
10. Segarmas Plantations	Sarawak	1994	100	8,715	6,889	6,713	6,161	4,607	55,693	35,883	9.0	7.8	(4.5)	(3.3)
11. Suburmas Plantations	Sarawak	1995	70	2,420	2,243	2,242	2,243	1,973	23,832	11,879	10.6	6.0	(4.2)	(5.1)
				75,135	57,965	56,662	45,240	42,609	803,926	777,698	17.8	18.3	26.8	108.0
Indonesia														
1. PT Mustika Sembuluh	Kalimantan	2000	90	15,200	289	-	-	-	-	-	-	-	-	-
2. PT Tidar Sungkai Sawit	Sumatra	1994	70	10,216	7,500	6,094	2,309	2,309	24,788	14,721	10.7	6.4	(9.6)	(1.7)
				25,416	7,789	6,094	2,309	2,309	24,788	14,721				

Two new CPO mills of 40 mt per hour each were commissioned in the year, increasing the number of mills owned by PPBOP to six which processed 815,000 mt of FFB from its own plantations and outside suppliers. Mill extraction rates recovered significantly during the year, with oil extraction rate (oer) and kernel extraction rate (ker) improving from 20.5% to 21% and 4.2% to 4.7% respectively.

PT Tidar Sungkai Sawit ("TSS"), a 70% subsidiary of PPB engaged in oil palm cultivation in Sumatra, Indonesia has completed its planting programme of 7,500 ha of which 2,309 ha or 31% has matured, producing about 24,788 mt of FFB in 2000. To streamline the Group's plantation operations, PPB shareholders have approved the disposal of TSS to PPBOP on 19 January 2001 and the disposal is pending PPBOP shareholders' approval.



Collection of FFB for milling

Looking Ahead

With more young palms reaching maturity each year and an increasing proportion of mature palms attaining prime age, a rise in FFB production of about 15% to 20% is anticipated during the current year. Mill extraction rates are likely to be maintained at favourable levels and CPO output is expected to improve further.

PPBOP will continue to develop its remaining land in East Malaysia whilst maintaining a cautious development programme in Indonesia.

The Group will further intensify efforts to improve efficiency, productivity and cost effectiveness in its operations to cushion the impact of low prices and at the same time, actively participate in national programmes to strengthen the industry.

The Group has 45,240 ha of matured palms in East Malaysia



MANUFACTURING AND SERVICES

Review of Operations



*MAC's formalin plant
in Shah Alam*

For year 2000, total revenue for the manufacturing and services division decreased by 19.5% to RM342 million (1999: RM376.3 million) due to lower selling prices and demand for gloves, polybags and microspheres. Profit before tax decreased by 35.9% to RM20 million for the year (1999: RM31.2 million) mainly due to foreign exchange losses, higher operating and raw material costs and intense market competition.

Quality inspection at APM's factory



The Group's manufacturing and services operations are mainly held through Chemquest Group, a 55% subsidiary of PPB, engaged in environmental engineering, waste management, chemical manufacturing and trading and contract manufacturing. Chemquest's 98.9% subsidiary, Chemical Waste Management Sdn Bhd ("CWM"), is primarily engaged in water treatment and solid waste management. In March 2000, CWM was appointed to design, construct and commission the RASA Distribution and Supply System under the Sungei Selangor Phase 3 Water Supply Scheme. In December 2000, Konsortium ABASS Sdn Bhd, in which CWM has a 25% equity interest, signed a Privatisation cum Concession Agreement with the State Government of Selangor to operate and maintain the entire existing facilities of the Sungei Semenyih Water Supply Scheme for a period of 30 years and to design, construct and commission the installation and capital works for this project. CWM registered a profit before tax of RM8.1 million for the year.

Chemquest's wholly-owned subsidiary, Asia Pacific Microspheres Sdn Bhd ("APM"), is the world's only manufacturer of phenolic microspheres which are light specialty fillers used in composites for the automotive, aerospace and marine industries. APM's products are exported to the United States and Europe. For the year 2000, APM recorded a profit before tax of RM3.1 million which is 23.5% lower than the previous year's profit of RM4 million due to lower revenue and higher operating costs. Chemquest's 51.8% subsidiary, Malayan Adhesives & Chemicals Sdn Bhd ("MAC") manufactures formalin and adhesive resins for the local wood-based industries. MAC's profits for the year decreased by 42.8% to RM2.8 million (1999: RM6.5 million) mainly due to higher operating costs and lower sales.

PT Healthcare Glovindo ("Glovindo") and Minsec Engineering Services Sdn Bhd ("MES") were restructured under the Chemquest Group during the year. Glovindo operates a latex examination glove factory in Medan, Sumatra which has seventeen dipping lines with an annual capacity of 800 million pieces. Glovindo produced about 790 million pieces of gloves in 2000, an increase of 14% over that of 1999 arising from the upgrading of its lines. However, Glovindo suffered a loss of RM3.7 million for the year due to a foreign exchange loss of RM7.9 million on its loans. MES undertakes the construction of CPO and sugar mills, fabrication of glove dipping lines and other engineering projects for the Group and outside parties.

Chemquest also entered into an Agreement to subscribe for up to 10% of the equity of VMS Technology Holdings Pte Ltd ("VMS") at a total cost of USD3.5 million. The principal activities of VMS Group are in research, development, manufacturing and marketing of computer telephony integration products.

Looking Ahead

Given its extensive experience in water treatment and supply operations, Chemquest Group is looking forward to venture into China and India where there are promising opportunities for water related projects.

Sungei Semenyih Dam



SHIPPING AND COMMODITY TRADING

Review of Operations

**MBC's Fleet
as at 31 December 2000**

Name of Vessel	Year Built	DWT
BULKERS		
MV ALAM TABAH	1977	15,097
MV ALAM TEGAS	1979	17,188
MV ALAM TELADAN	1979	17,168
MV ALAM TEGUH	1980	17,169
MV ALAM SEMPURNA	1984	28,097
MV ALAM SENANG	1984	28,098
MV ALAM SAYANG	1985	42,489
MV ALAM SEJAHTERA	1985	29,692
MV ALAM GULA	1985	23,418
MV ALAM BARU	1986	65,117
MV ALAM TALANG	1987	17,324
MV ALAM TENGGIRI	1987	17,324
MV ALAM SELAMAT	1992	39,110
MV ALAM SELARAS	1992	39,110
MV ALAM SENTOSA	1992	39,110
MV ALAM MESRA	2000	46,011
MV ALAM MAKMUR	2000	46,446
SUB-TOTAL BULKERS:		527,968
TANKERS		
MT ALAM KARANG	1985	7,544
MT ALAM BERKAT	1998	47,236
MT ALAM BELIA	1998	47,225
MT ALAM BITARA	1998	45,573
SUB-TOTAL TANKERS:		147,578
TOTAL FLEET TONNAGE:		675,546

The Shipping operations performed well with revenue of RM67.2 million (1999: RM55.3 million) and profits of RM31.9 million for year 2000 (1999: RM16.7 million) due to favourable freight rates and the sale of vessels. The Group's associated companies engaged in commodity trading operations contributed lower profits of RM16.1 million for the year (1999: RM25.9 million) due to difficult trading conditions.

The Group's shipping interests which are held through Malaysian Bulk Carriers Sdn Bhd ("MBC"), a 20% associated company of MSM, performed well for the year 2000. During the year, MBC disposed of two new product tankers of 47,000 DWT each realising a profit of RM44 million. As at end 2000, MBC's fleet size stood at twenty-one vessels with a total tonnage of 675,546 DWT.

MBC's vessels were fully utilised throughout the year on time charters to third parties and for carriage of raw sugar and other commodities for the Group. MBC's profit before tax improved significantly to RM100.6 million in 2000 (1999: RM18.1 million).

Reefton Sdn Bhd, wholly owned by FFM, owns and operates a dry bulk carrier of 27,400 DWT which mainly transports raw materials for FFM Group's food processing activities.

Looking Ahead

The Shipping activities are expected to maintain their profit contribution to the Group although the expected slowdown in the global economies will have a negative impact on the bulk cargo market.

MBC is expected to benefit from the long-term prospects of the tanker market and will seek opportunities for further investments in this market.

Alam Teladan at Penang Port after discharging raw sugar



PROPERTY, ENTERTAINMENT AND RETAILING

Review of Operations

The property, entertainment and retailing division recorded a profit of RM36.8 million (1999: loss of RM34.8 million) against a lower revenue of RM156.6 million (1999: RM267.1 million) due to profits from the sale of PPB's investment in RA-PPB (Tops) Retail Sdn Bhd ("Tops").

In line with PPB's decision to divest its retail operations, PPB's 34.8% interest in Tops was divested for RM61.8 million whilst Savers Retail Sdn Bhd ceased operations during the year.

The cinema and leisure operations of the Group are held under PPB Leisure Holdings Sdn Bhd ("PPBL"), a wholly-owned subsidiary of PPB. For year 2000, PPBL Group incurred a loss of RM10.8 million (1999: loss of RM10.5 million) mainly due to losses from the cinema operations.

The cinema operations continue to face unfair competition from VCD pirate operators and collections for the year decreased by 11% to RM39.7 million. As part of the Group's ongoing efforts to reduce losses and streamline its cinema operations, the Group closed eight unprofitable screens during the year.

The family amusement centres operated by the Group experienced some setback following the government's decision to impose a ban on video games whilst the bowling business continues to be affected by stiff competition.

PPB Hartabina Sdn Bhd ("PPBH") recorded a profit of RM1.1 million (1999: loss of RM78,000) as a result of higher rental income from Cheras LeisureMall which maintained an occupancy rate of 97%. The retail block is being renovated to create 26 new shoplots scheduled to be completed in the last quarter of 2001.



▲ Golden Screen's 32-seater Gold Class at Mid Valley Megamall

▼ Cheras LeisureMall, Kuala Lumpur

Looking Ahead

The PPBL Group will continue to streamline its cinema operations and undertake stringent measures to reduce cost. Greater emphasis will be placed on the acquisition and distribution of movie rights to TV stations and satellite operators.

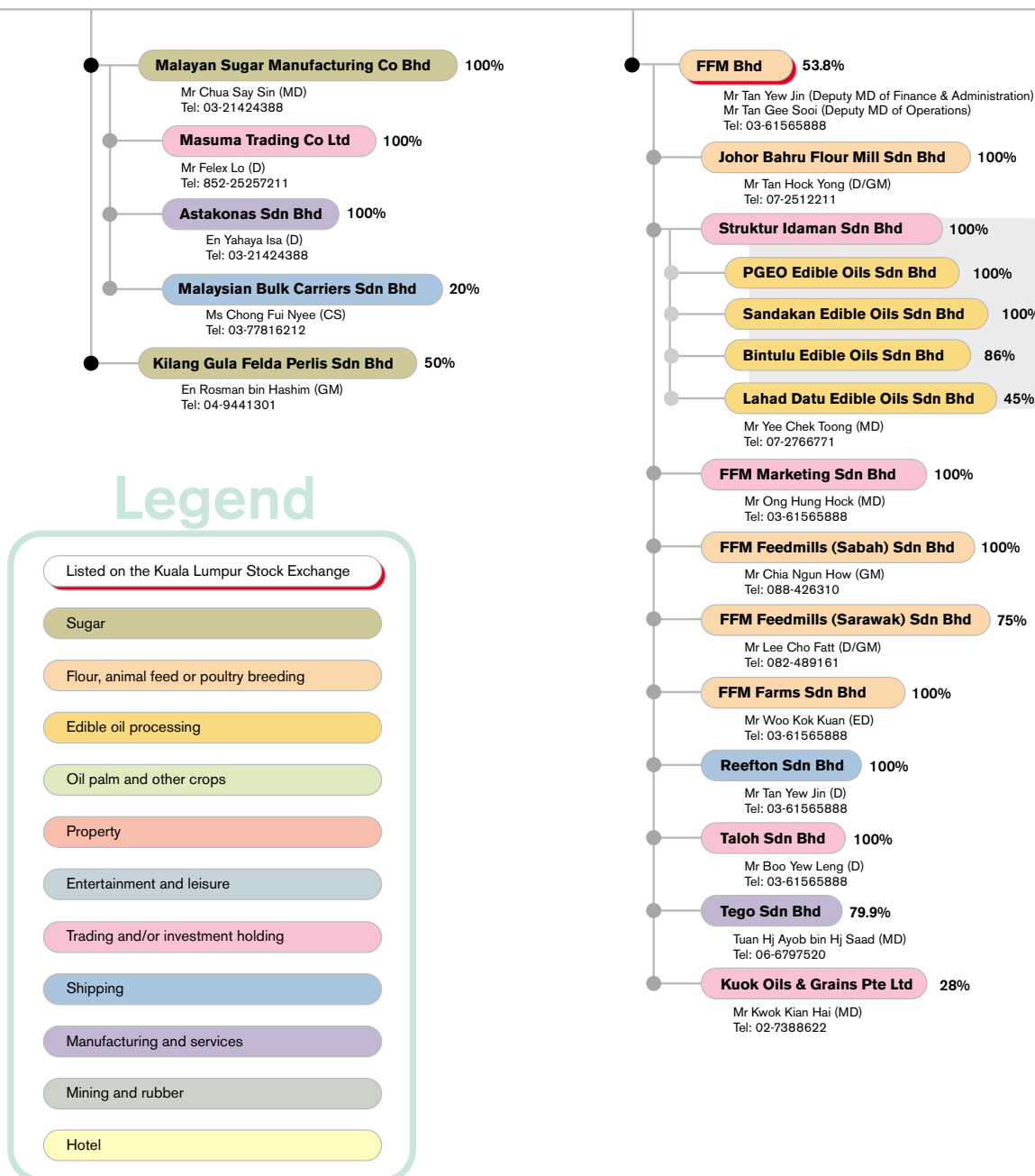
PPBH has in March 2001, launched the sales of its "Bukit Segar" residential development. This development comprises a total of 299 semi-detached houses and bungalows in a choice location at Taman Segar, Cheras, Kuala Lumpur. Phase I of the development comprises 178 units of which 44 units are reserved for bumiputra purchasers. The response has been good and this development is expected to contribute positively to Group profits.

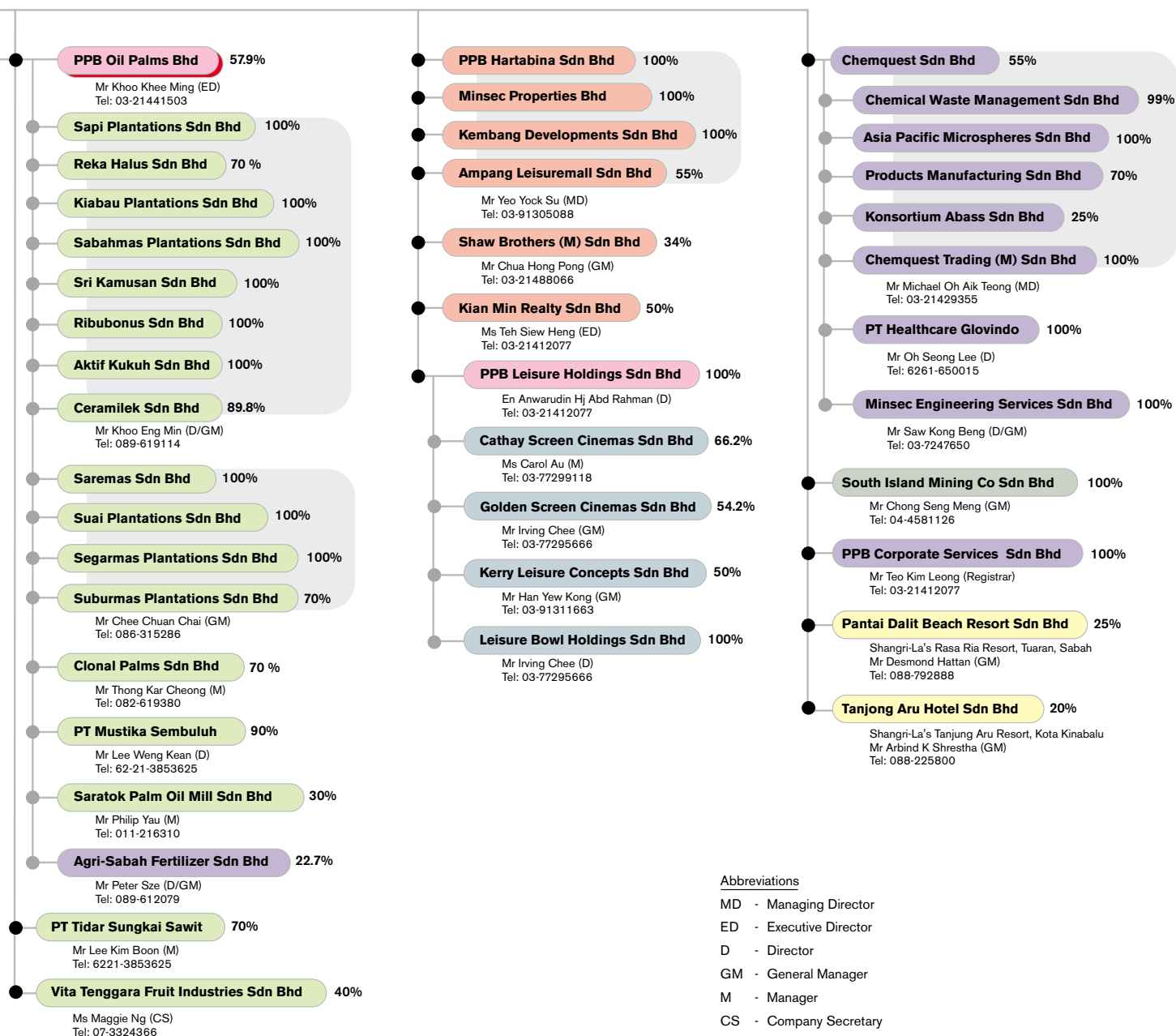
MAJOR INVESTMENT PROPERTIES	Owner	PPB Group Interest (%)	Net lettable area (sq ft)	Average Monthly Rental (RM/sq ft)		Occupancy Rate (%)	
				2000	1999	2000	1999
Cheras LeisureMall) PPB Hartabina Sdn Bhd	100	280,000	3.18	2.99	97	98
Cheras Plaza			108,979	1.40	1.52	100	100
Shaw Centrepoint] Shaw Brothers (M) Sdn Bhd	34	226,407	2.80	2.72	99	99
Shaw Parade			155,733	0.87	0.86	74	75
ENTERTAINMENT			No. of locations/centres				
			2000		1999		
Cinema operations	PPB Leisure Holdings Sdn Bhd	100	29		36		
			(Screens – 92)		(Screens – 100)		
			(Seats – 32,704)		(Seats – 39,649)		
Amusement centres			6		6		
Bowling centres			3		3		

CORPORATE

STRUCTURE

as at 15 March 2001





FINANCIAL REVIEW

Review of Profit & Loss

PPB Group recorded a consolidated profit before tax of RM408.9 million in 2000, a 10.7 % increase over the previous year's RM369.5 million despite a lower revenue of RM5,271.4 million for the year compared with RM6,729.3 million achieved in 1999. Profit from investing activities of RM110.9 million arising mainly from the disposal of RA-PPB (Tops) Retail Sdn Bhd and certain quoted investments contributed significantly to Group profits.

Revenue for the year declined by 21.7% mainly due to the depressed prices of palm oil products. Group profit from operations declined by 39.3% to RM266.4 million from RM438.6 million largely due to lower contributions from the food, plantation and commodity trading divisions. The performance of these divisions was affected by lower edible oils refining margins, depressed crude palm oil prices and difficult commodity trading conditions. Profit contribution from the manufacturing and services division also declined mainly due to lower profit margins from microspheres manufacturing and losses incurred by the glove operations.

Profit attributable to shareholders of PPB Group improved to RM244.5 million from RM192.9 million mainly due to lower minority interest, which decreased by 54.5% to RM76.5 million. Earnings per share increased to 66.44 sen from 52.42 sen, representing an increase of 26.7% over the previous year.

Cash Flows

Net cash flow from operating activities decreased to RM130.1 million in 2000 from RM468.5 million in 1999 mainly due to repayment of bankers' acceptances of RM386.7 million. Surplus from investing activities of RM11.9 million was derived primarily from the disposal of associated companies and sale of investments totalling RM163.6 million. The Group invested RM197.0 million in property, plant and equipment during the year and has drawn down RM118.3 million in revolving credits and term loans to part finance its capital expenditure.

Dividends

The Directors recommend a final dividend of 10% less tax which together with the interim dividend paid of 10% (5% less tax and 5% tax exempt) will make a total dividend payment for the financial year ended 31 December 2000 of 20% comprising 15% less tax and 5% tax exempt.

The dividend amount represents a payout ratio of 23.8% and 49.6% of the Group and Company earnings respectively.

Review of Financial Situation and Debt

As at 31 December 2000, the Group had lower borrowings of RM519.3 million compared with RM766.1 million in 1999 out of which 55% amounting to RM283.7 million are bills payable comprising bankers' acceptances and export credit refinancing used to finance trade operations.

The balance of 45% amounting to RM235.6 million and representing a gearing ratio of 9% over shareholders funds consists of:

- a. short term loans, revolving credits, hire purchase and overdraft amounting to RM224.4 million which are repayable within 12 months; and
- b. term loans and hire purchase of RM11.2 million which are repayable between 2 to 7 years.

The Group operations are funded mainly by short-term loans to minimise interest cost and repayment of these borrowings are expected from internally generated funds. Most of the Group borrowings are unsecured and based on floating interest rates ranging from 2.7% to 8.5% for the year. The Group's exposure to foreign currency borrowings is minimal at USD17.2 million (RM65.4 million).

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

Group Financial Highlights

		2000	1999	%
		RM'Million	RM'Million	Change
Income Statements				
Revenue		5,271.390	6,729.250	(21.66%)
Profit before taxation		408.855	369.484	10.66%
Profit after taxation		321.005	360.936	(11.06%)
Net profit for the year		244.482	192.889	26.75%
Balance Sheets				
Funds employed		3,986.869	3,778.484	5.52%
Shareholders' funds		2,626.975	2,453.360	7.08%
Financial Ratios				
Current ratio	times	1.75	1.45	20.69%
Interest coverage	times	21.71	14.46	50.14%
LT Debt/(LT Debt + Equity)	%	0.42	0.19	121.05%
Return on equity	%	9.31	7.86	18.45%
Return on net assets	%	10.29	9.79	5.11%
Price/Operating cash flow	times	9.95	3.61	175.62%
Price earnings ratio	times	5.30	8.78	(39.64%)
Profit before tax over revenue	%	7.76	5.49	41.35%
Earnings per share	sen	66.44	52.42	26.75%
Dividend per share (net)	sen	15.80	17.28	(8.56%)
Net tangible assets per share	RM	7.02	6.55	7.18%
31 December closing price	RM	3.52	4.60	(23.48%)

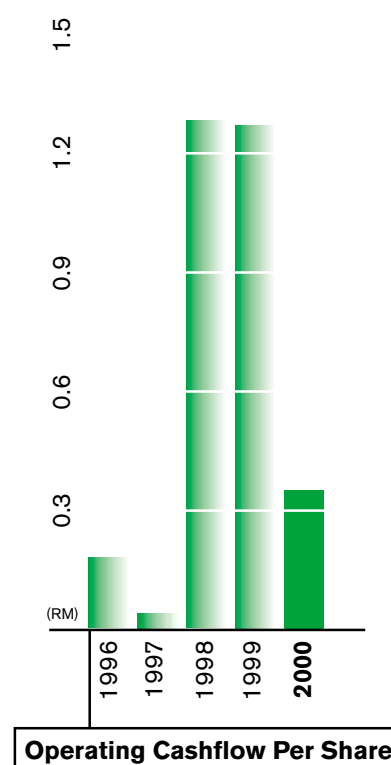
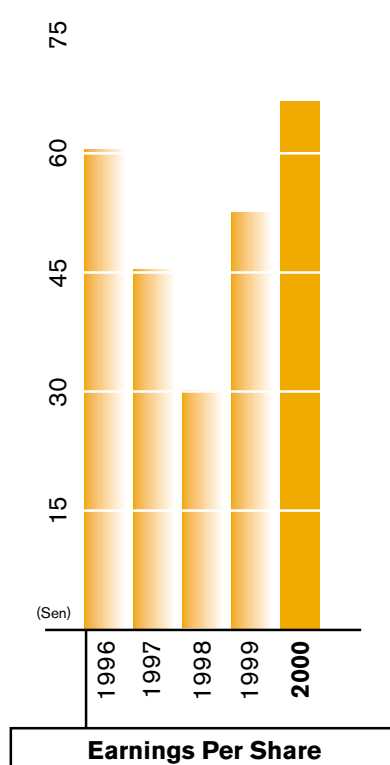
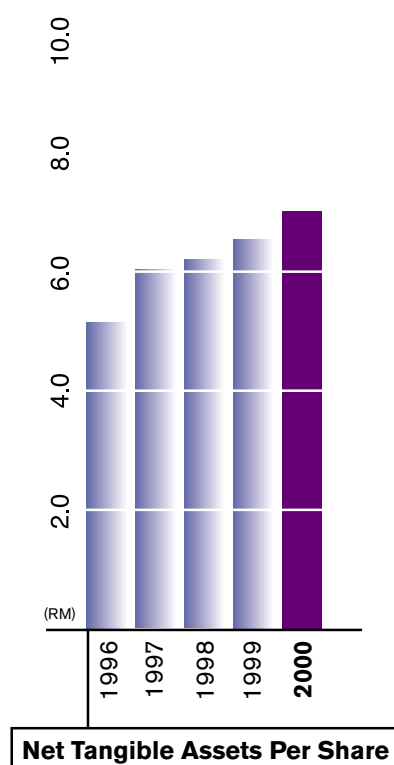
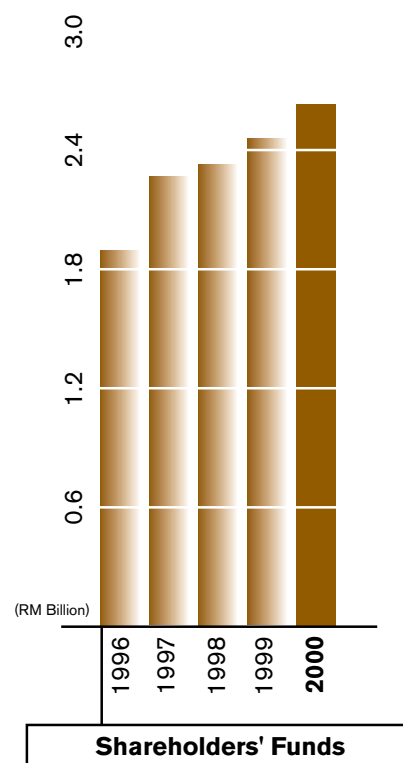
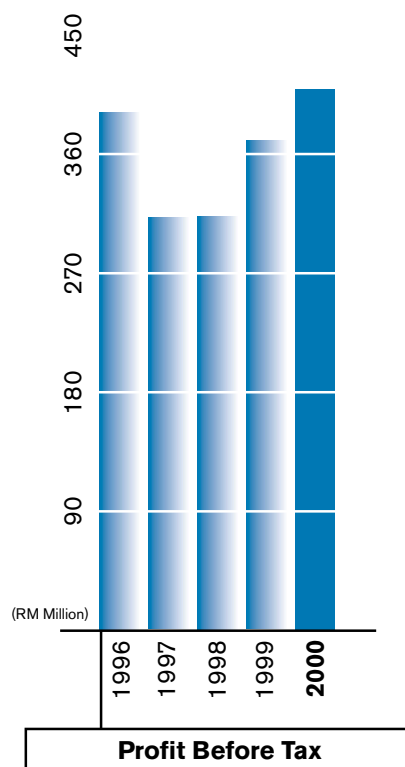
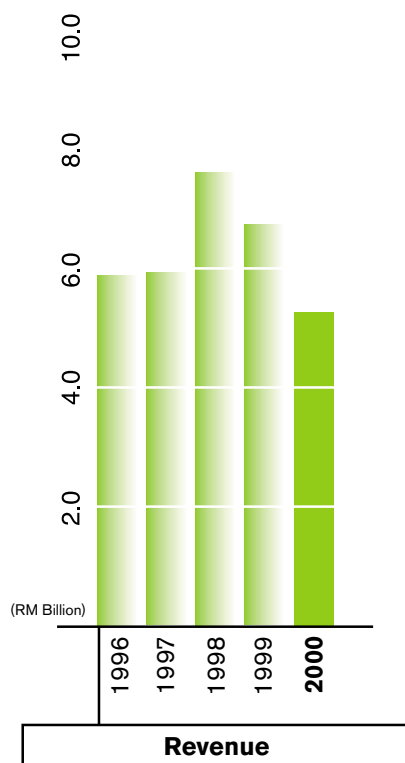
FINANCIAL STATISTICS

Five Year Group Statistics

Year ended 31 December		2000	1999	1998	1997	1996
Revenue	RM Million	5,271.390	6,729.250	7,599.534	5,928.873	5,878.360
Profit from operations	RM Million	266.427	438.615	297.424	285.680	304.630
Profit/(loss) from investing activities	RM Million	110.986	(82.600)	37.463	24.422	57.334
Share of associates' profits less losses	RM Million	51.181	40.920	51.367	43.794	68.958
Profit before tax	RM Million	408.855	369.484	312.394	311.936	390.504
Net profit for the year	RM Million	244.482	192.889	110.540	166.532	222.326
Dividends (net)	RM Million	58.139	63.585	42.390	41.801	41.212
Issued share capital	RM Million	367.967	367.967	367.967	367.967	367.967
Shareholders' funds	RM Million	2,626.975	2,453.360	2,322.694	2,261.680	1,890.818
Total assets employed	RM Million	4,970.816	4,996.860	4,816.839	4,715.164	3,820.775
Earnings per share	Sen	66.44	52.42	30.04	45.26	60.42
KLSE Quotations						
High	RM	6.10	4.90	7.95	8.40	9.60
Low	RM	3.52	3.32	3.02	5.05	6.30
No. of shareholders		8,504	8,319	5,121	4,179	4,348

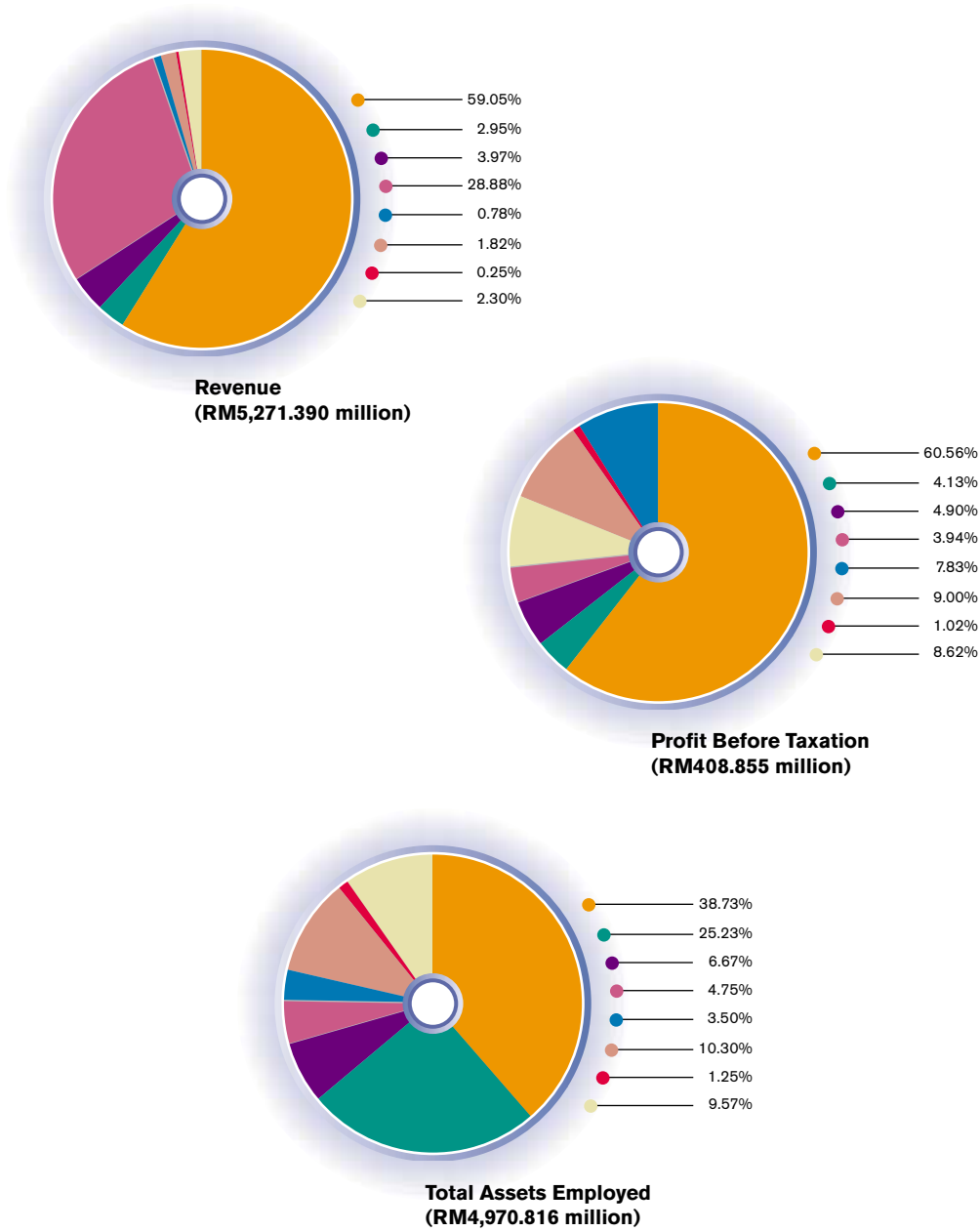
Group Half Year Results

All figures in RM'Million	2000			1999		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Revenue	2,735.158	2,536.232	5,271.390	3,299.857	3,429.393	6,729.250
Profit before taxation	127.586	281.269	408.855	200.694	168.790	369.484
Net profit for the year	61.540	182.942	244.482	123.084	69.805	192.889
Earnings per share (sen)	16.72	49.72	66.44	33.45	18.97	52.42



SEGMENT

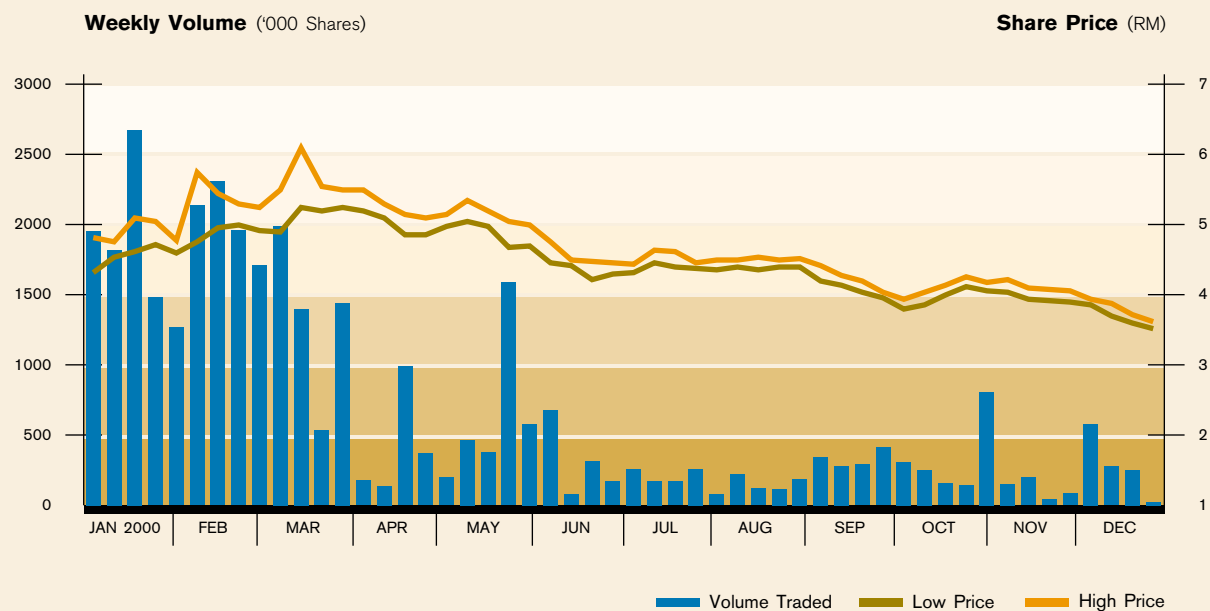
ANALYSIS



SHARE

PERFORMANCE CHART

PPB's Weekly Volume and Share Price



KLSE Weekly Composite Index and Volume

