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THE BUSINESS

*Comprising various components as diverse as foods,
manufacturing, plantations and entertainment,
our core businesses have performed considerably well.*

SUGAR REFINING AND CANE PLANTATION

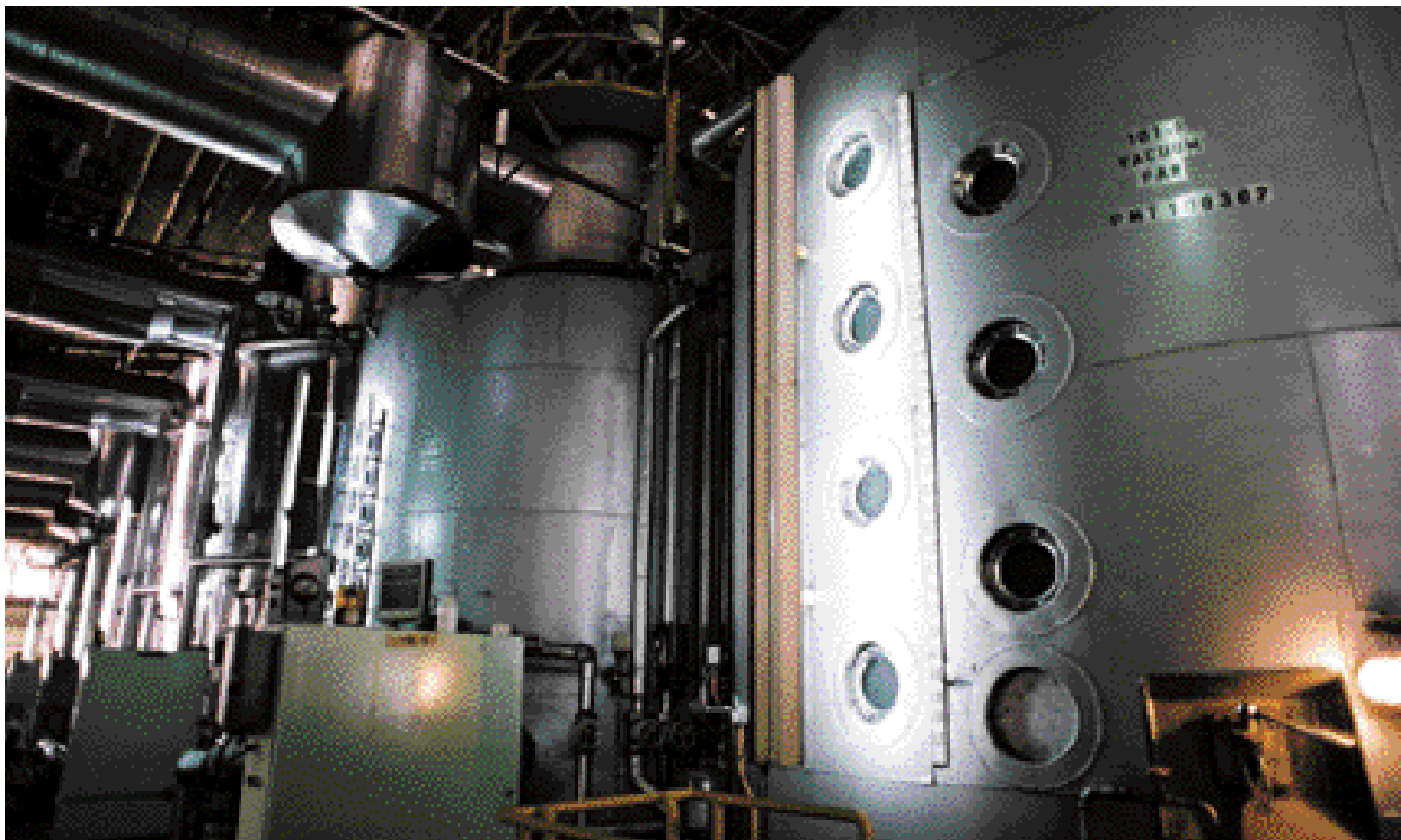


Malayan Sugar Manufacturing Co Bhd in **Prai**, Seberang Prai.

MSM's sugar refinery in Prai started operations in 1964 and is the region's largest with a melting capacity of 2,000 mt of raw sugar per day. The refinery produces various types of sugar for industrial and household consumption. MSM has established a strong reputation for its product quality and consistency.



MSM's sugar refinery



Vacuum pans with the latest advanced and environment-friendly technology

SUGAR REFINING AND CANE PLANTATION

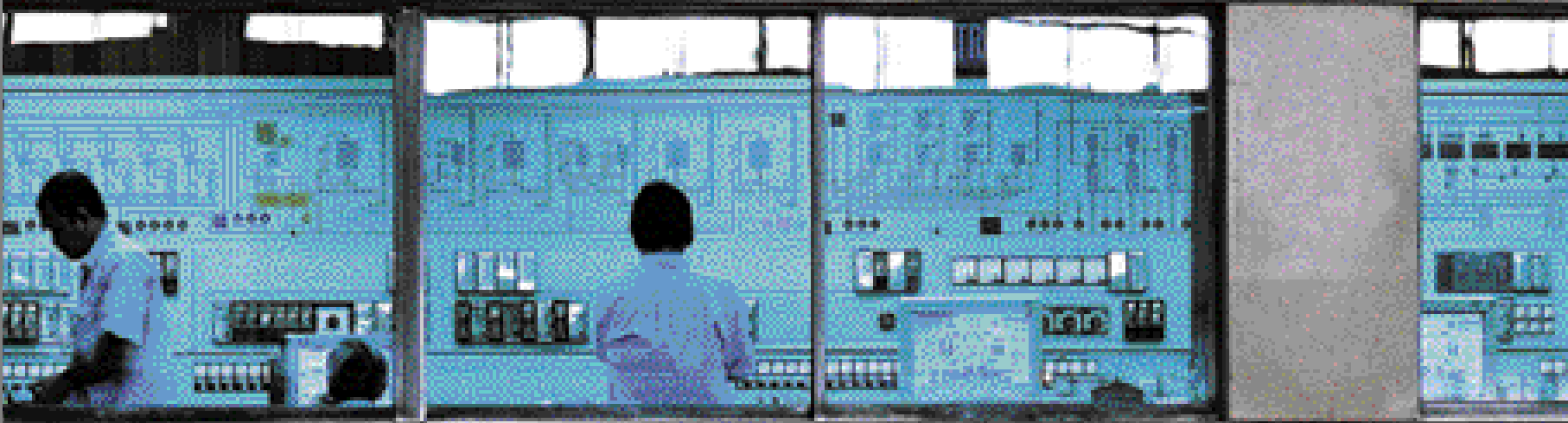
REVIEW OF OPERATIONS



Sugar refining registered lower profits of RM68.4 million in year 2002 compared with RM75.4 million in the previous year due to lower refining margins. The Group's wholly-owned subsidiary, Malayan Sugar Manufacturing Co. Berhad ("MSM"), is the region's largest sugar refinery and together with its 50% associate, Kilang Gula Felda Perlis Sdn Bhd ("KGFP") supply approximately 60% of the domestic sugar requirements.

For the year under review, MSM maintained its domestic sugar sale of 50% and increased its sugar exports by 50% from 91,300 mt to 135,900 mt mainly to Indonesia and Singapore.

PPB's 4,350-hectare sugar cane plantation at Chuping, Perlis which supplies cane to KGFP, harvested 273,922 mt of cane in the 2001/2002 season compared with 304,475 mt of cane in the previous season to contribute about RM7.0 million to the Group.



LOOKING AHEAD

MSM EXPECTS TO PERFORM SATISFACTORILY IN THE COMING YEAR IF THE PREVAILING FAVOURABLE WORLD RAW SUGAR PRICES ARE SUSTAINED.



GRAIN AND FEED MILLING

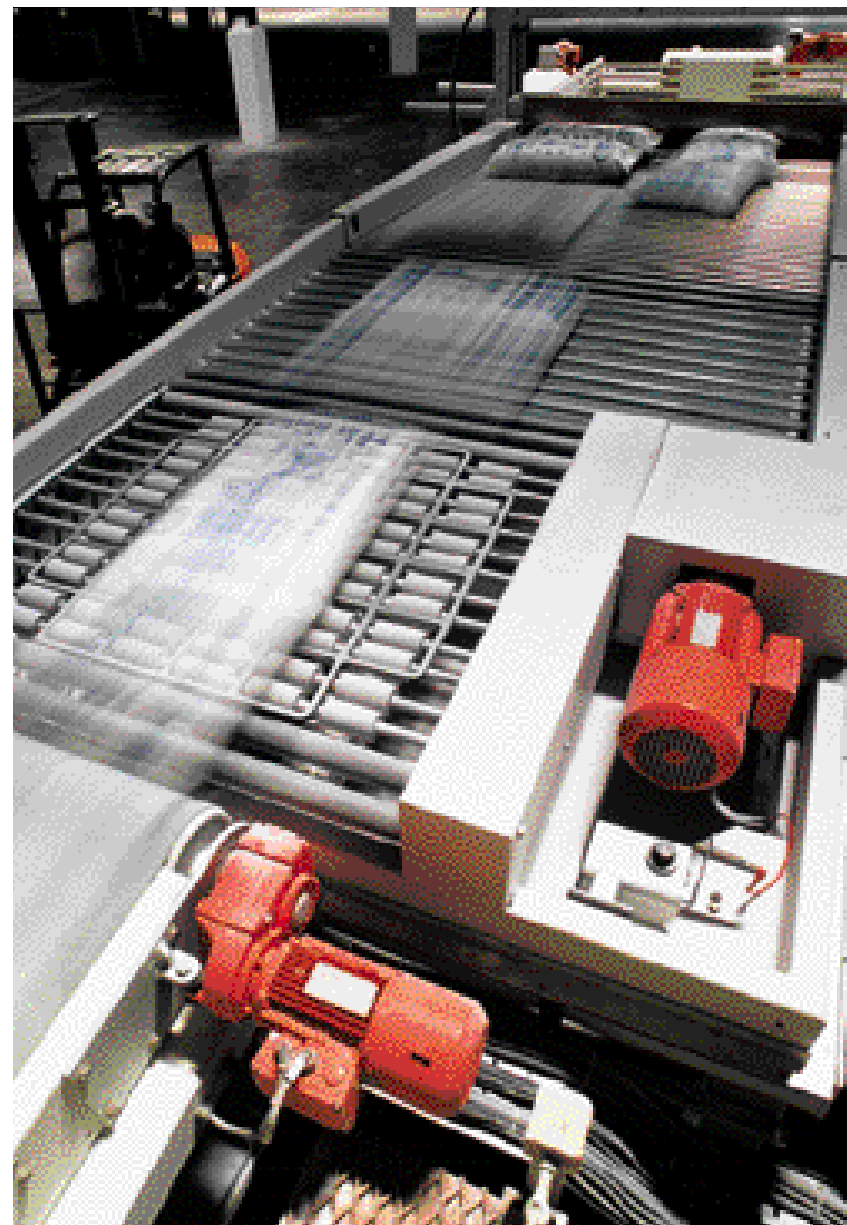


FFM Berhad at **Pulau Indah**, Port Klang.

Grain storage silos

FFM commenced its wheat milling operations in 1966, having a single flour mill with a milling capacity of 150 mt of wheat per day. Today, FFM stands as the largest flour miller in Malaysia, owning four flour mills strategically located at Port Klang, Pasir Gudang, Vietnam and Sarawak with a total milling capacity of 2,430 mt per day.

Bag flour palletising system



GRAIN AND FEED MILLING

REVIEW OF OPERATIONS

PPB's 53.8% subsidiary, FFM Berhad ("FFM") is a major wheat flour miller with a market share of about 47%. Its flour mills located at Port Klang, Pasir Gudang and Vietnam have a total wheat milling capacity of 2,210 mt per day.

The overall Malaysian flour market did not expand following the repatriation of foreign workers from the country. Nevertheless, the Group managed to increase its domestic flour sales by about 1% compared with year 2001.

Vietnam Flour Mills Ltd, a 52.5% subsidiary of FFM, achieved total flour sales of about 43,300 mt for the first full year of operations in 2002.

On 15 March 2003, FFM Flour Mills (Sarawak) Sdn Bhd, a wholly-owned subsidiary of FFM, commissioned a 220-mt per day flour mill in Kuching to cater mainly to the East Malaysian market.

FFM is also one of the biggest feed miller in Malaysia, operating five feedmills in Peninsular and East

Malaysia with a total capacity of 125 mt per hour. The Group managed to maintain animal feed sales although competition was intense. As the overall feed market was adversely affected by poor broiler and egg prices in 2002, feed milling operations were operated prudently. In September 2002, JBFM Feedmill Sdn Bhd, a wholly-owned subsidiary of FFM Group, commissioned a new feed expander line to supply feed mainly for the Group's layer farm in Trong, Perak.

The Group's grain and feed milling division increased profits by 27% to RM90.1 million on a 7.8% increase in revenue to RM697.7 million (2001 : RM647.4 million) despite operating in a difficult business environment of rising wheat prices.





LOOKING AHEAD

THE FLOUR MILLING OPERATIONS WILL BE RELOCATED FROM SOUTH PORT, PORT KLANG TO PULAU INDAH AND INCLUDE THE SETTING UP OF ANOTHER FLOUR MILL WITH A DAILY WHEAT MILLING CAPACITY OF 500 MT NEXT TO ITS EXISTING FLOUR MILL IN PULAU INDAH. THE RELOCATION EXERCISE IS SCHEDULED FOR COMPLETION BY EARLY 2005.

It is also FFM's plan to relocate its feed milling activities from South Port to Pulau Indah. Construction of a new feedmill at Pulau Indah is scheduled to commence by end 2003.