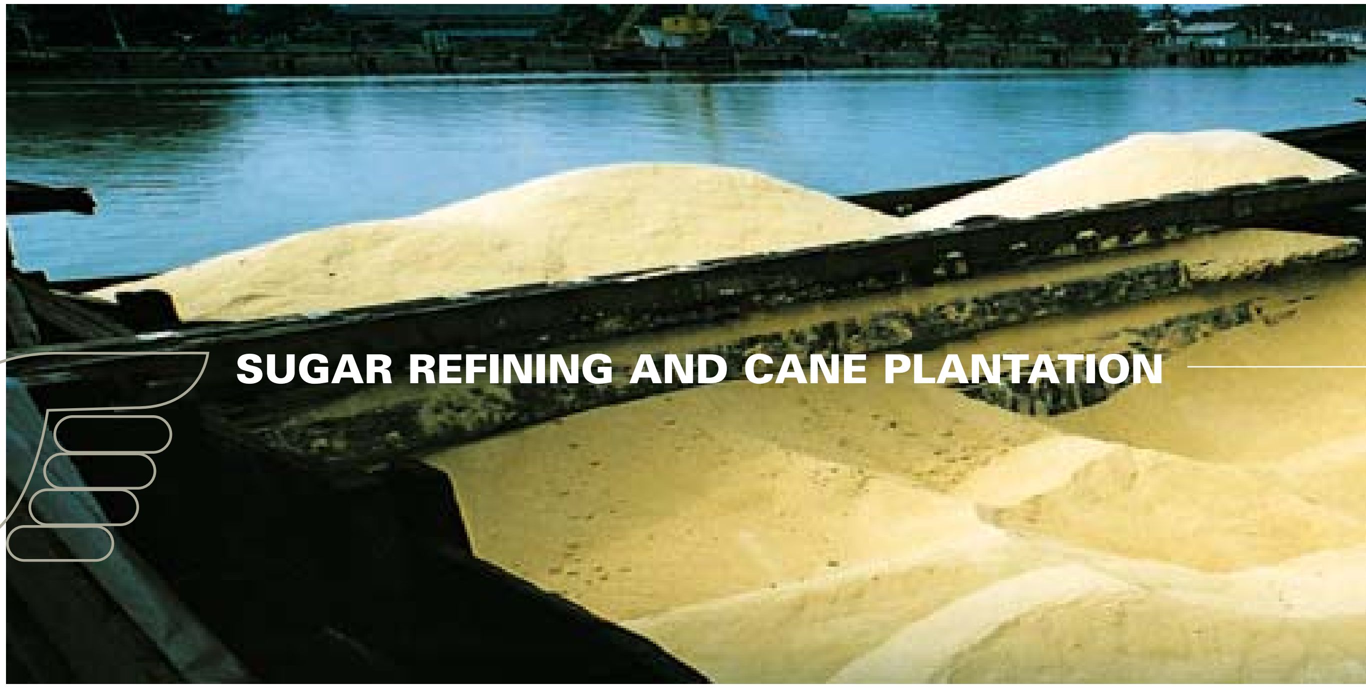


SUGAR REFINING AND CANE PLANTATION

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.

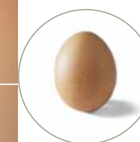
In December 2003, FFM also commenced construction of a new feed mill at Pulau Indah and the feed mill is expected to be operational in the second quarter of 2005.

Bag flour palletising system

LIVESTOCK FARMING

FFM FARMS

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

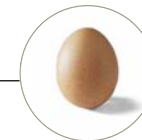


The Group's Livestock Farming is undertaken by FFM Farms Sdn Bhd (FFM Farms), a wholly-owned subsidiary of FFM Berhad. FFM Farms owns two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah covering a total area of 167 hectares and a layer farm in a 550-acre land at Trong, Taiping.

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.

Packaging

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.