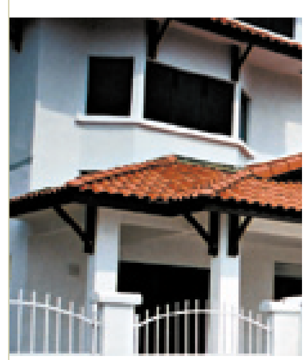
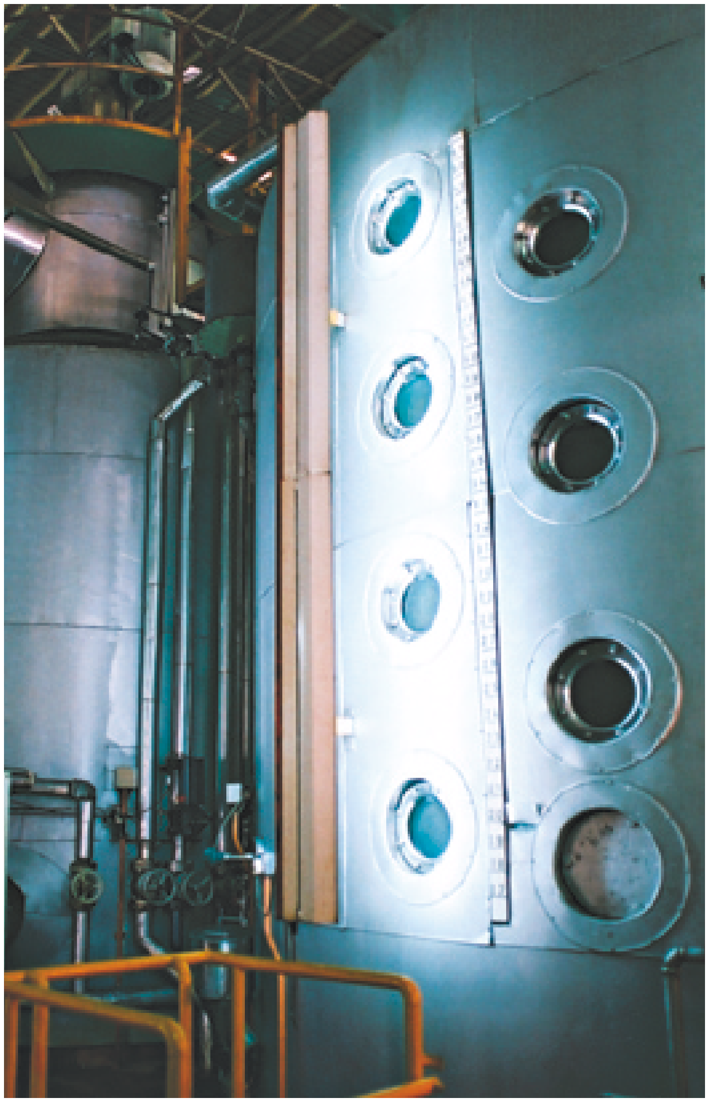
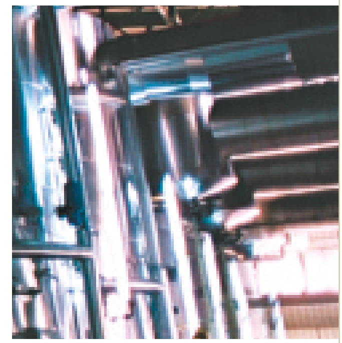
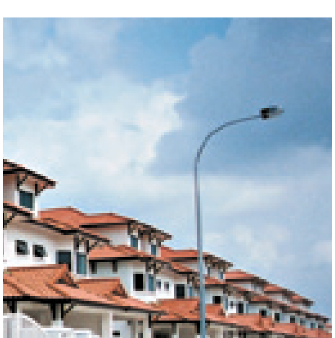
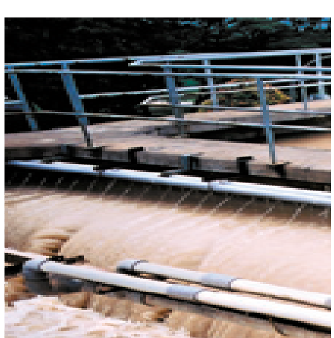



THE BUSINESS


BUSINESS OPERATIONS

MSM

SUGAR REFINING & CANE PLANTATION

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. The refinery produces various types of sugar for the industrial and household consumers. Its customers consist of major food and beverage industries, confectionaries, hotels, restaurants, food outlets and household consumers. Today, MSM has established a strong reputation for its product quality and consistency.

MSM together with KGFP supply approximately 60% of the domestic sugar requirements.

MSM's refining operation is highly mechanised and automated

Raw sugar discharged at MSM's jetty

MSM's office at Prai

REVIEW OF OPERATIONS

Sugar operations registered a lower profit of RM143.3 million for year 2004 (2003 : RM156.0 million) due to higher raw material prices and ocean freight rates.

MSM's domestic sugar sales increased by 4.3% for year 2004 whilst sugar exports reduced from 130.6 mt to 107.1 mt due to lower sales to Indonesia and Singapore. MSM's domestic sales are dependent on population growth and rising disposal income of consumers.

In its continuous efforts to improve efficiency of its operations, MSM spent a total of RM18.3 million during the year for the conversion of its existing steam boilers to operate on natural gas, acquisition of railway containers and packaging machines as well as the upgrading of its existing plant and machinery.

PPB's 4,350-hectare sugar cane plantation at Chuping, Perlis which supplies cane to KGFP, harvested 305,129 mt of cane in the 2003/2004 season compared with 310,628 mt of cane in the previous season to contribute about RM10.7 million to the Group.

LOOKING AHEAD

Sugar refining operations expect profits for 2005 to be trimmed with lower refining margins arising from high raw sugar prices and ocean freight rates.

BUSINESS OPERATIONS

FFM

GRAINS TRADING, FLOUR & FEED MILLING

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

FFM Group is one of the largest flour millers in Malaysia supplying more than 40% of the country's wheat flour requirements. FFM's milling complexes are strategically located at South Port, Port Klang; Pasir Gudang, Johor Bahru; Pulau Indah, Port Klang; Kuching, Sarawak; My Xuan, Vietnam and Samutprakarn, Thailand with a total milling capacity of 2,680 mt per day.

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.

Bag flour palletising system at Pulau Indah

Purifier at FFM's state-of-the-art milling complex

Specialty flour for all baking purposes

REVIEW OF OPERATIONS

Faced with a challenging year of rising wheat prices and higher ocean freight rates, the Group's grains trading, flour and feed milling division achieved a profit of RM42.7 million (2003 : RM89.3 million).

However, domestic flour sales for year 2004 rose by 6% compared with the previous year mainly due to the contribution from FFM's mill in Sarawak which was in to its second year of operations.

In June 2004, FFM through its wholly-owned subsidiary, Buxton Limited, acquired a 43.35% equity interest in Kerry Flour Mills Ltd (formerly known as Kerry Glory Flour Mills Co. Ltd), a company incorporated in Thailand. Kerry Flour Mills owns and operates a 250 mt/day flour mill and 14 silos with a storage capacity of 24,000 mt in Samutprakarn, Thailand.

FFM's feed sales for 2004 encountered a drop of about 19% compared with 2003. Feed sales which are largely dependent on the local poultry industry was badly affected in 2004 by the outbreak of the Avian influenza in the surrounding countries. The situation was further aggravated when the state of Kelantan detected the outbreak in August 2004. The higher production cost of feed milling operations also impacted profit margins.

LOOKING AHEAD

FFM Group's second flour mill with a daily wheat milling capacity of 500 mt located at Pulau Indah, Port Klang is scheduled for completion in mid-2005. This new flour mill will be integrated with the existing flour mill also at Pulau Indah by the 4th quarter of 2005 and these mills would replace FFM's existing production facility at South Port, Port Klang.

FFM's sixth feed mill located at Pulau Indah, Port Klang will commence operations in April 2005.

BUSINESS OPERATIONS

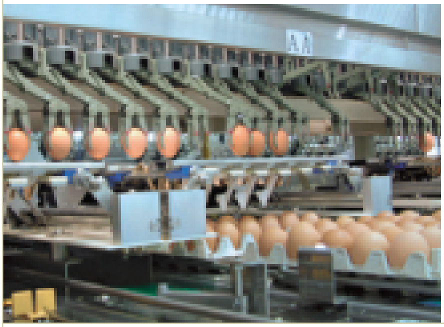
FFM FARMS

LIVESTOCK FARMING

Livestock farming activity is undertaken by FFM Farms Sdn Bhd (FFM Farms), a wholly-owned subsidiary of FFM Berhad.

FFM Farms owns and operates two broiler breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah covering a total area of 167 hectares with a total monthly production capacity of 3.0 million broiler day-old-chicks.

Its layer farm located on a 550-acre land at Trong, Perak has a monthly production capacity of 20.0 million eggs and produces organic fertilizer from fully composted poultry manure.



Eggs collected are graded daily, using automatic egg graders

Layer hens in climate-controlled housing, with automatic feeding and egg collection system

Eggs ready for delivery in well ventilated warehouse

REVIEW OF OPERATIONS

For year 2004, the Group's livestock farming operation contributed a lower profit of RM2.55 million due to higher feed costs.

However, a higher revenue of 11% above that of the previous year was achieved due to more day-old-chicks sales and table eggs produced.

The expansion of its breeder farm in Gurun, Kedah increased production capacity of day-old-chicks by 30% to 3 million broiler day-old-chicks per month in year 2004 compared to previous year.

LOOKING AHEAD

More new broiler breeder farms are coming into the industry which will lead to an increased supply of broiler chicks. The oversupply of eggs in the market is expected to continue as producers normalize and/or expand their capacity. To stay competitive, FFM Farms is focusing on marketing aggressively its branded table eggs known as "Seri Murni" and producing quality day-old-chicks.

PGEO

EDIBLE OILS REFINING AND TRADING

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

PGEO Group including its associate, owns and operates six refineries in Peninsular and East Malaysia. Annually, PGEO Group refines close to 4.0 million mt of edible oils and about 90% is exported overseas to India, China, EU countries, Middle East, Pakistan and Russia whilst the balance is sold locally.

PGEO has also integrated downstream into the production of shortening, hydrogenated products, cocoa butter replacers as well as retail packaging. The 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 Berhad.

Hydrogenation plant at Pasir Gudang

Texturising fats filling line

PGEO, Oils Division

REVIEW OF OPERATIONS

The Group's edible oils refining and trading operations performed significantly better for 2004 contributing an operating profit of RM115.02 million, up 29.5% from the previous year (2003 : RM88.85 million) due to favorable market conditions for palm oil products and consistent performance from its downstream activities particularly, the specialty fats operations. Revenue contribution from this division improved by 21% to RM8.503 billion compared to RM7.020 billion in the previous year attributed by higher sales volume and sale prices of refined edible oils.

PGEO Group refineries achieved a total production of 3.9 million mt of refined edible oils in 2004, representing a growth of 8.3% over the previous year due to higher Crude Palm Oil (CPO) production throughout the year because of better weather conditions.

In its aim to improve efficiency and to cater for future needs, PGEO Group implemented several expansion projects. In the first quarter of 2004, the construction of 12,000 mt of soybean silos at Pasir Gudang was completed followed by the construction of an additional fractionation plant for the production of specialty fats. The fractionation plant commenced production in January 2005.

PGEO Group undertook the conversion of Medium Fuel Oil to Natural Gas to generate steam and this was completed in August 2004. The joint venture with Volac Ltd for the manufacturing of calcium salts for feed ingredients at Pasir Gudang commenced operation in October 2004 establishing a new related business activity for the Group.

To further reinforce PGEO Group's global market position, PGEO Group has jointly ventured with KOG Investment Pte Ltd to invest in KOG Edible Oils BV, Rotterdam which will construct and operate an edible oils and fats processing facility in Rotterdam, Netherlands. The edible oils refinery and fractionation plant with a processing capacity of about 300,000 mt per annum is expected to commence operation in June 2005.

In November 2004, PGEO Group acquired an industrial land at Sandakan for the future expansion of its edible oils operations.

LOOKING AHEAD

With rapid market changes, PGEO Group is fully aware of the importance of technology advancement and capacity expansion, which are capable of strengthening the Group's overall performance and competitiveness in the market. PGEO Group has therefore proposed a number of projects to be carried out in the near future. Amongst them, are the construction of an additional hydrogenation plant for production of hydrogenated products at Pasir Gudang and the upgrading of a palm kernel crushing plant at Sandakan to provide for future demand and production needs. In addition, PGEO Group is undertaking the Renewable Energy Project by constructing a Biomas Fired Steam Generator Plant for energy generation at Sandakan.

With a well planned expansion strategy, the Group is confident of laying a stable and progressive route to further excel in the related industry.