



OIL PALM PLANTATIONS

Name		Location	Year 1st Planted	PPBOP's Interest (%)	Total Area (ha)	Planted Area (ha)	
						2002	2003
East Malaysia							
1.	Sapi Plantations	Sabah	1981	100	15,722	13,429	14,437
2.	Reka Halus	Sabah	1990	70	5,352	4,651	4,762
3.	Kiabau Plantations	Sabah	1992	100	1,655	1,108	1,283
4.	Sabahmas Plantations	Sabah	1994	100	10,477	9,970	9,351
5.	Hibumas	Sabah	1998	89.8	7,540	3,577	3,416
	Sri Kamusan	Sabah	1999	100	2,832	2,573	1,985
	Aktif Kukuh	Sabah	2003	100	250	-	250
	Jebawang	Sabah	2003	100	403	-	403
	Sekar Imej	Sabah	2003	100	3,642	-	474
6.	Ribubonus	Sabah	2000	100	3,262	2,826	2,833
7.	Saremas	Sarawak	1987	100	12,179	8,547	8,744
8.	Suai Plantations	Sarawak	1978	100	5,674	4,856	4,895
9.	Segarmas Plantations	Sarawak	1994	100	8,715	6,915	7,022
10.	Suburmas Plantations	Sarawak	1995	70	2,314	2,163	2,085
					80,017	60,615	61,940
Indonesia							
1.	Mustika Sembuluh	Kalimantan	2000	90	19,511	2,186	4,692
2.	Tidar Sungkai Sawit	Sumatra	1994	100	10,216	7,522	7,700
3.	Kerry Sawit Indonesia	Kalimantan	2003	90	32,202	-	323
					61,929	9,708	12,715

Remarks: * These comparative figures have been re-stated to include the effects of the changes in accounting policies.

PPBOP



Young palms in the nursery prior to field planting

Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM Million)	
2002	2003	2002	2003	2002	2003	2002*	2003
12,942	12,517	315,157	310,662	24.4	24.8	54.3	56.8
4,647	4,651	128,534	143,157	27.7	30.8	24.2	29.0
1,108	1,108	21,308	24,569	19.2	22.2	2.7	4.2
9,790	9,174	130,121	159,180	13.3	17.4	10.5	18.0
1,069	3,052	5,880	17,064	-	-	(2.7)	(6.9)
-	412	-	2,187	-	-	-	(0.7)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	0.1
-	256	-	1,694	-	-	-	(0.3)
8,061	8,061	169,681	169,982	21.1	21.1	29.4	33.7
3,920	3,697	77,433	79,210	19.8	21.4	7.1	8.1
6,043	6,320	93,767	106,946	15.5	16.9	9.2	14.4
1,883	1,800	37,005	38,426	19.7	21.3	2.3	3.6
49,463	51,047	978,886	1,053,077	19.8	20.6	137.0	160.0
-	-	-	-	-	-	(1.2)	-
5,185	6,094	72,041	97,204	13.9	16.0	13.3	12.1
-	-	-	-	-	-	-	(1.3)
5,185	6,094	72,041	97,204	13.9	16.0	12.1	10.8

Oil palm plantations operation is one of the core businesses of the Group and is held through its 55.6% listed subsidiary, PPB Oil Palms Berhad. In East Malaysia, PPBOP owns and operates ten plantations with a total area of 80,017 hectares and 6 crude palm oil (CPO) mills. In Indonesia, PPBOP owns and operates three plantations, two in Central Kalimantan and the other in West Sumatra, with a total area of 61,929 hectares and one CPO mill.



REVIEW OF OPERATIONS

PPBOP's strong financial performance in 2002 continued into 2003 with pre-tax profit rising 26% to RM199.5 million (2002 : RM158.0 million). The better profit was achieved against a higher revenue of RM468.4 million (2002 : RM404.6 million). The good performance is attributable to the favourable palm product prices and higher production backed by good oil extraction rates.

PPBOP's planted area increased by 6% to 74,655 hectares during the year while the mature area grew by 5% to 57,141 hectares, as 3,800 hectares of young plantings were brought into harvesting. Production of fresh fruit bunches (FFB) improved by 9% to 1,150,300 tonnes while the average yield per mature hectare improved to 20.1 tonnes. The seven mills processed FFB from its own plantations and outside suppliers. During the year, the mills processed 1,325,100 tonnes of FFB, an increase of 5% over 2002. Mill performance continued to be good during the year with oil extraction rate at 21.9% whilst the kernel extraction rate was at 4.6%. CPO output from the mills rose by 4% to 289,535 tonnes as a result of good oil extraction rate and higher throughput.



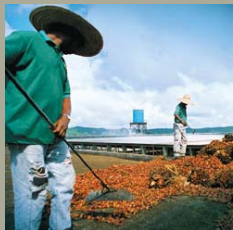
Commodity prices improved due to a convergence of positive factors and at RM1,456 per tonne, the average CPO price realized for 2003 was 12% above the previous year's price of RM1,299 per tonne.

During the year under review, PPBOP expanded its landbank by 35,842 hectares through the acquisitions of Jasa Karya Sdn Bhd (JKSB) and PT Kerry Sawit Indonesia (KSI). JKSB's wholly-owned subsidiary, Sekar Imej Sdn Bhd, owns 3,642 hectares of land proposed for oil palm plantation in the District of Beluran, Sabah. KSI owns two pieces of contiguous land in Central Kalimantan, Indonesia with a total area of about 32,200 hectares, which are being developed into an oil palm plantation.

LOOKING AHEAD

The two new palm oil mills, one in Sabah and the other in Sarawak will be commissioned in 2004, increasing the number of mills to nine, with a total combined throughput of 2.0 million tonnes of FFB per annum.

Barring any unforeseen negative developments in the weather, an increase in FFB production is anticipated during the current year. With more young palms reaching maturity each year and an increasing proportion of mature palms at prime age, crop production can be expected to continue its upward trend. Mill extraction rates are being maintained at favourable levels and CPO output is expected to improve further. The Group will continue to develop its remaining land with oil palm and seek opportunities to further expand its landbank in suitable locations that can enhance and complement its current operations.



Clearing FFB on the receiving ramp at the mill



**ENVIRONMENTAL ENGINEERING,
WASTE MANAGEMENT & UTILITIES**

CWM



Sedimentation tanks for water treatment

Realising the business opportunities presented by the public's growing need for better environmental services, PPB acquired Chemquest Sdn Bhd in 1993. Chemquest Sdn Bhd, a 55% subsidiary of PPB, is involved in environmental engineering, waste management and utilities; chemicals manufacturing and trading; contract manufacturing; engineering services and information technology.

Its environmental engineering, waste management and utilities operations are undertaken by its 99% subsidiary, Chemical Waste Management Sdn Bhd (CWM).



REVIEW OF OPERATIONS

Despite facing a challenging year in the environmental engineering business, CWM registered a pre-tax profit of RM12.0 million (2002 : RM17.0 million) against a lower revenue of RM82.0 million (2002 : RM109.0 million).

In 2003, CWM successfully completed and handed over the following projects with a combined contract value of RM112.0 million:-

- mechanical and electrical works for the New Gadek Water Treatment Plant project in Melaka;
- supplying, laying and commissioning of mild steel pipelines for the Bukit Badong Distribution Supply System (Stage 1) in Selangor; and
- mechanical, electrical and instrumentation works for the Bayan Baru Sewage Treatment Plant in Bayan Baru, Penang. This treatment plant, capable of handling 45,000 cubic metre per day of sewage, is the largest and most modern plant in Malaysia.

In the same year, CWM secured projects totaling RM105 million, all of which are currently in progress. These projects include the construction of a Pumping Station for the Bukit Badong Distribution Supply System (Stage 2) in Selangor; mechanical and engineering works for the Wangsa Maju Pumping Station in Kuala Lumpur and three new

projects at the Sungei Semenyih Water Treatment Plant comprising the construction of a Sludge Treatment Plant; upgrading and rehabilitation of the Chemical Plant; and replacing and upgrading of transformers at the Treatment Plant and the Raw Water Pumping Station. These projects are expected to be completed by 2004.



Inlet and Outlet of Clarifier
for the Sewage Treatment
Plant in Bayan Baru, Penang



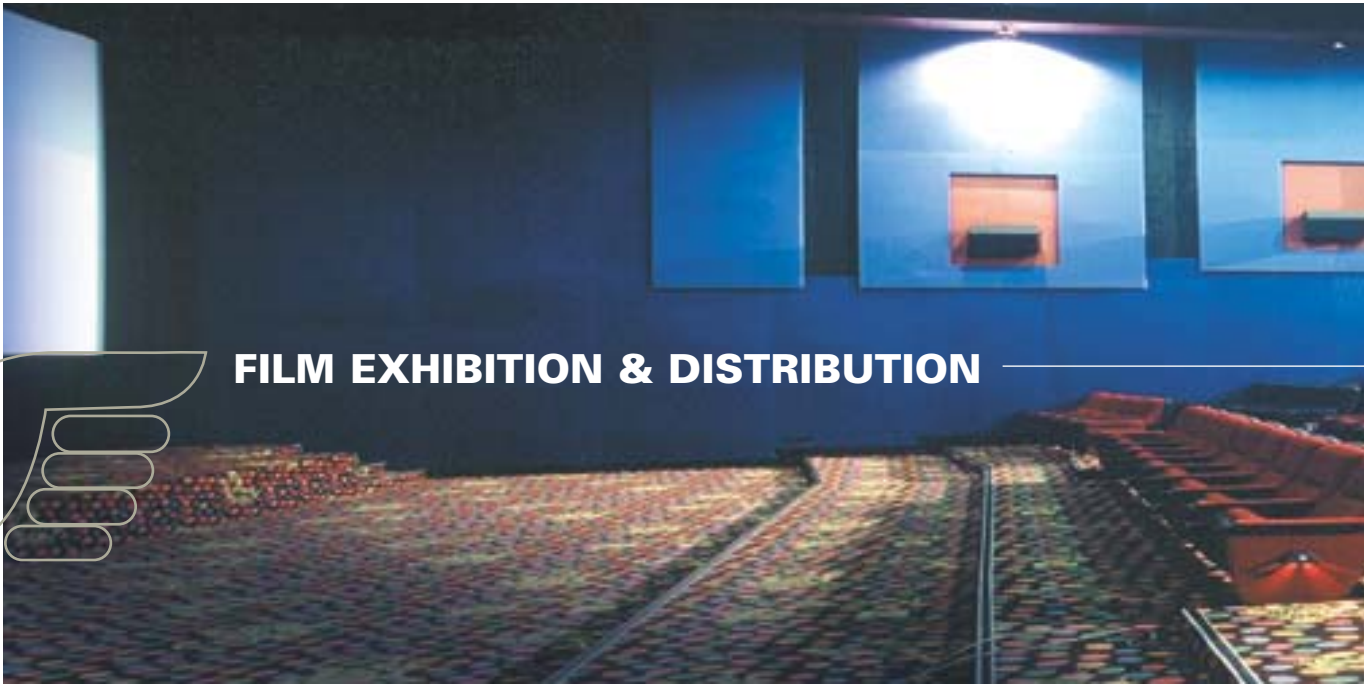
CWM recorded another benchmark achievement by obtaining the ISO 9001:2000 certification for Quality Management. With this certification, CWM is recognized as having internationally accepted standards for quality system in the area of water and wastewater related project management.

With its vast technical expertise and experience in sewage treatment, CWM - successfully assisted Kerry Utilities Limited (KUL), a 50% subsidiary of the Chemquest Group in winning the investment bid for the RMB201 million Lugouqiao Sewage Treatment Plant (Phase 1) in Beijing, China. The sewage treatment plant with a treatment capacity of 100,000 m³/day is constructed in preparation for the Olympics 2008 in Beijing.

LOOKING AHEAD

CWM will continue to focus on organic growth through pre-identified projects and at the same time, proactively explore acquisition and bidding opportunities both locally and overseas for sustainable growth.





FILM EXHIBITION & DISTRIBUTION

GSC



GSC's flagship outlet at Mid Valley is the largest in South East Asia

In 1987, PPB entered into a joint venture agreement with Golden Harvest (International) Limited of Hong Kong to establish Golden Communications (M) Sdn Bhd (now known as Golden Screen Cinemas Sdn Bhd [GSC]).

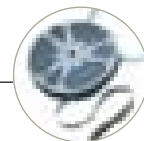
GSC, a 54.2% subsidiary of PPB Group, now operates a total of 86 screens in 16 locations throughout the country including an 18-screen cineplex in Kuala Lumpur, the largest in South East Asia. It is also the largest distributor of Chinese and independent English films.



REVIEW OF OPERATIONS

GSC registered a significant growth in pre-tax profit to achieve RM9.02 million (2002 : RM2.75 million) against a turnover of RM87.75 million (2002 : RM73.68 million) for year 2003. The robust growth is due to the consistent supply of quality films throughout the year. Blockbuster films such as "Terminator 3", "Lord of the Rings : Return of the King", "Finding Nemo", "Matrix Reloaded", "Shanghai Knights" and local films such as "Cinta Kolestrol", "Gila-Gila Pengantin", "Laila Isabella" and "Mistik" increased admissions to 9.6 million from 8.2 million last year.





The clampdown on pirated VCD operators by the Government has also drawn movie-goers back to the cinemas. However, piracy will still remain the biggest threat to the future growth of the cinema industry if enforcement slows down.

During the year under review, GSC continued to improve its customer service and successfully launched its intelligent SMS (iSMS) service

for tickets reservation. The interesting feature of the iSMS is its ability to recommend the next available show time if the customer's requested show time is fully reserved. In its continual commitment to provide customers with utmost comfort and convenience, GSC undertakes annual upgrading programmes to improve its halls and services.

LOOKING AHEAD

In January 2004, GSC opened its 12-screen cineplex at Gurney Plaza, Penang. The cineplex is the largest in Penang and GSC's second flagship outlet after Mid Valley, Kuala Lumpur.

GSC is targeting to open its next cineplex of 9 screens at Berjaya Times Square, Kuala Lumpur, which is an equal joint venture with Berjaya Times Square Sdn Bhd, in the second half of 2004.

The opening of new cineplexes by GSC reflects its long term commitment to the film industry in Malaysia.





PROPERTY INVESTMENT & DEVELOPMENT

PPBH



PPBH's Phase I semi-detached houses at Bukit Segar, Cheras were handed over to the homeowners in 2003

PPB Hartabina Sdn Bhd (PPBH), a wholly-owned subsidiary of PPB, plays a significant role in property development especially at its land bank in Taman Segar, Cheras where PPBH has developed residential properties and commercial complexes. PPBH is also engaged in property management and currently owns and manages Cheras LeisureMall, a prime shopping centre in Cheras which enjoys 100% occupancy and Cheras Plaza, a 9-storey commercial building which has been leased to an education institution.

Cathay Screen Cinemas Group in which PPB Group has 66.2% equity interest, owns and manages various ex-cinema properties and prime lands throughout the country.



REVIEW OF OPERATIONS

During the year under review, the Property subsidiaries contributed higher profits of RM29.5 million (2002 : RM26.7 million) against revenue of RM114.6 million (2002 : RM103.5 million).

PPBH's Phase I and II of the Bukit Segar development comprising 299 units of semi-detached houses, bungalow units and bungalow lots in Taman Segar contributed revenue of RM80.0 million for 2003. Phase I has been completed and handed over to the purchasers in 2003 while the handover of Phase II is scheduled in April 2004. To-date, total sales achieved for both phases is 79% amounting to RM194 million.

During the year, PPBH completed 576 units of low cost houses on a 5-acre land in Taman Segar and handover is expected in April 2004.

In September 2003, PPBH acquired a 29-acre land at Bukit Tengah, Province Wellesley Central for the development of high end residential homes. Application has been submitted to the Majlis Perbandaran Seberang Prai to develop 79 bungalows, 24 semi-detached houses and 12 shophouses.





Seletar Sdn Bhd, another wholly-owned property subsidiary of PPB, completed its residential development at Bedong, Kedah comprising single storey houses priced from RM35,000 to RM188,000. Total sales to-date is estimated at RM31.3 million which covers approximately 80% of its development.



LOOKING AHEAD

PPBH plans to launch its exclusive bungalows with built-up areas ranging from 6,000 to 8,000 sf to be constructed on its remaining land bank of 22 acres in Bukit Segar by 2004.

PPBH is also looking at developing some of the Group's commercial land bank specifically New World Park in Penang.