

## OIL PALM PLANTATIONS



PPB Oil Palms Berhad's plantation in **Sapi**, Sabah.



PPBOP owns and operates ten plantations with a total area of 76,995 hectares and six crude palm oil (CPO) mills in East Malaysia. In Indonesia, PPBOP owns and operates two plantations, one in Central Kalimantan and the other in West Sumatra, with a total area of 25,727 hectares and one CPO mill.



### Oil Palm Plantations

Name	Location	Year 1st Planted	PPBOP's Interest (%)	Total Area (ha)	Planted Area (ha)		Mature Area (ha)		FFB Production (mt)		Average Yield (mt/mature ha)		Profit Before Tax (RM Million)	
					2002	2001	2002	2001	2002	2001	2002	2001		
<b>EAST MALAYSIA</b>														
1. Sapi Plantations	Sabah	1981	100	15,722	13,429	13,429	12,942	13,134	315,157	350,149	24.4	26.7	56.0	24.8
2. Reka Halus	Sabah	1990	70	5,352	4,651	4,651	4,647	4,647	128,534	135,341	27.7	29.1	24.8	11.5
3. Kiabau Plantations	Sabah	1992	100	1,655	1,108	1,108	1,108	1,108	21,308	23,751	19.2	21.4	2.9	0.5
4. Sabahmas Plantations	Sabah	1994	100	10,991	9,970	9,970	9,790	7,499	130,121	104,072	13.3	13.9	11.8	(5.0)
5. Hibumas	Sabah	1998	89.8	7,540	3,577	3,577	1,069	-	5,880	-	-	-	(2.5)	-
Sri Kamusan	Sabah	1999	100	2,832	2,573	988	-	-	-	-	-	-	-	-
Aktif Kukuh	Sabah	-	100	250	-	-	-	-	-	-	-	-	-	-
Jebawang	Sabah	-	100	403	-	-	-	-	-	-	-	-	-	-
6. Ribubonus	Sabah	2000	100	3,262	2,826	1,848	-	-	-	-	-	-	-	(0.1)
7. Saremas	Sarawak	1987	100	12,179	8,547	8,265	8,061	7,376	169,681	159,299	21.1	21.6	31.7	9.3
8. Suai Plantations	Sarawak	1978	100	5,674	4,856	4,848	3,920	4,183	77,433	76,992	19.8	18.4	7.9	(1.4)
9. Segarmas Plantations	Sarawak	1994	100	8,715	6,915	6,473	6,043	6,043	93,767	77,336	15.5	12.8	10.2	(4.1)
10. Suburmas Plantations	Sarawak	1995	70	2,420	2,163	2,199	1,883	1,909	37,005	30,348	19.7	15.9	2.6	(2.0)
				76,995	60,615	57,356	49,463	45,899	978,886	957,288	19.8	20.9	145.4	33.7
<b>INDONESIA</b>														
1. Mustika Sembuluh	Kalimantan	2000	90	15,511	2,186	1,141	-	-	-	-	-	-	(1.2)	-
2. Tidar Sungkai Sawit	Sumatra	1994	100	10,216	7,522	7,500	5,185	4,520	72,041	48,402	13.9	10.7	13.3	(6.6)
				25,727	9,708	8,641	5,185	4,520	72,041	48,402	13.9	10.7	12.1	(6.6)

## OIL PALM PLANTATIONS

### REVIEW OF OPERATIONS

Oil palm plantations operation, which is one of the Group's core businesses is undertaken by PPB Oil Palms Berhad (PPBOP), a 55.8% subsidiary of PPB. PPBOP performed exceptionally well in 2002 with a 3.6 fold increase in pre-tax profit to RM168.6 million. Revenue rose by 69% to RM404.6 million compared with RM239.4 million achieved in 2001. The outstanding performance is attributable to higher palm product prices, FFB production and oil extraction rates.

PPBOP's planted area increased by 7% to 70,323 hectares during the year while the mature area grew by 8% to 54,648 hectares, as 4,684 hectares of young plantings were brought into harvesting. Production of fresh fruit bunches (FFB) improved slightly to 1,050,900 tonnes while the average yield per mature hectare declined marginally to 19.2 tonnes due to dilution by the initial harvest from the young plantings.



Commodity prices improved due to a convergence of positive factors and at RM1,299 per tonne, the CPO price realized for 2002 was 56% ahead of last year's RM835 per tonne.

The seven mills process FFB from own plantations and outside suppliers. During the year, the mills processed 1,257,480 tonnes of FFB, an increase of 7% over 2001. Mill performance improved further during the year with the oil extraction rate moving up from 21.5% to 22.2% whilst the kernel extraction rate was maintained at 4.7%. CPO output from the mills rose by 10% to 279,560 tonnes as a result of the better oil extraction rate and higher throughput.

## LOOKING AHEAD

THE GROUP WILL CONTINUE TO DEVELOP ITS REMAINING LAND WITH OIL PALM AND SEEK OPPORTUNITIES TO ACQUIRE ADDITIONAL LAND IN SUITABLE LOCATIONS BOTH DOMESTICALLY AND OVERSEAS FOR FUTURE EXPANSION.

On 19 December 2002, Suburmas Plantations Sdn Bhd (Suburmas), a 70% subsidiary of PPBOP, entered into a joint venture with three other companies to build and operate a 40-tonne per hour crude palm oil mill in Sarawak for RM24 million. Suburmas will take up a 53 per cent stake in the proposed mill, which will process FFB from the joint-venture parties' estates and other suppliers. It will also help to maintain fair FFB prices, provide a long-term commitment for crop purchases and offer savings in transport costs from the respective estates.

On 23 December 2002, Kalimantan Palm Industries Sdn Bhd (KPI), a wholly-owned subsidiary of PPBOP entered into a Shares Sale Agreement with Kerry Holdings (Indonesia) Limited to acquire a 90% equity interest in PT Kerry Sawit Indonesia, which owns 32,200

hectares of land proposed for development into an oil palm plantation in Central Kalimantan.

The proposed acquisition, which will increase PPBOP's current land bank in Indonesia from 25,727 to 57,927 hectares, is in line with its expansion plan to enhance efficiency through economies of scale.

FFB production is projected to grow by 16% this current year as more immature plantings reach maturity and an increasing proportion of young palms attain prime age. Crop production is also expected to continue its upward trend in view of the attractive age profile of its palms. Mill extraction rates are likely to remain at favourable levels and CPO output is expected to improve further.

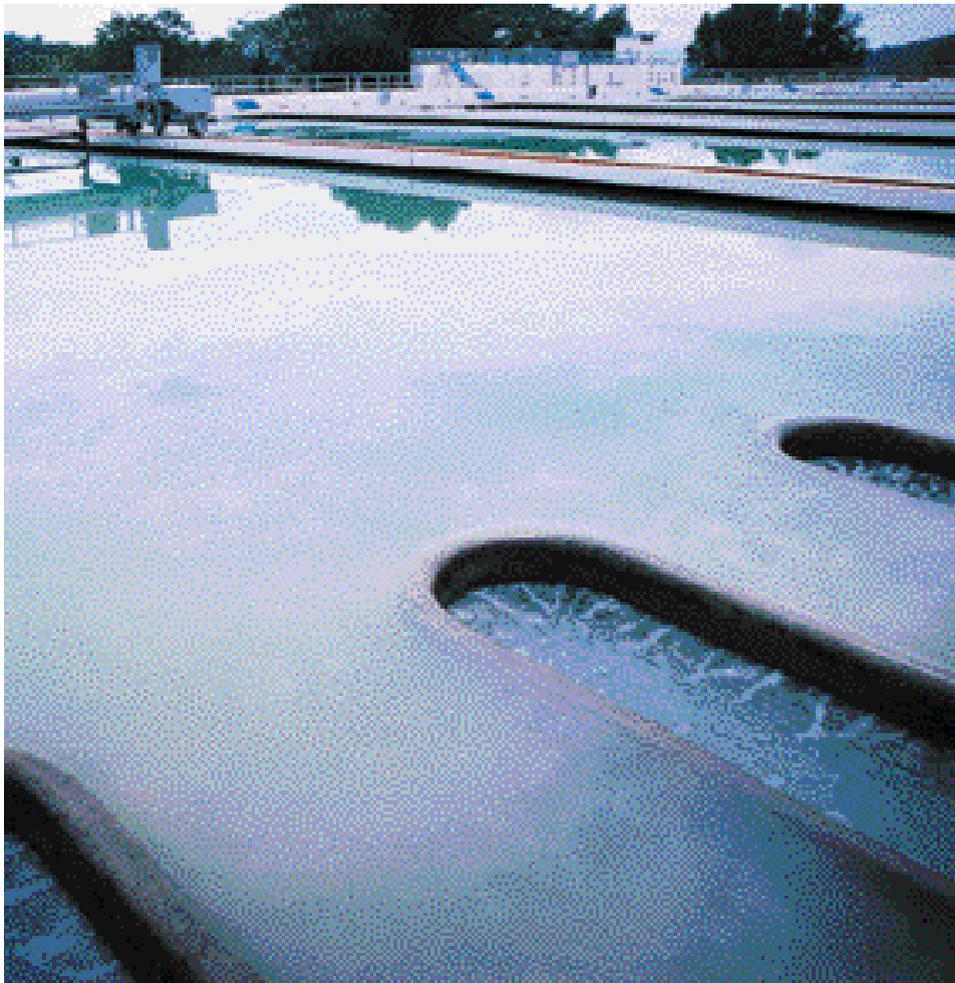
## ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

Surge vessels for treated  
water pumping station



Chemical Waste Management Sdn Bhd in

**Sg. Semenyih,** Selangor.



In the fast-growing countries of the Asian region, the provision of adequate clear water and secure waste management solutions are essential for sustained economic growth. Our 99% subsidiary, CWM, is consistently playing a key role in meeting demands for clean treated water and safe solid waste management systems.

Sedimentation tanks for  
water treatment

## ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

### REVIEW OF OPERATIONS

Chemical Waste Management Sdn Bhd (CWM), a 99% subsidiary of Chemquest Group recorded a marginal increase in profit before tax of RM17.5 million (2001 : RM17.0 million) on the back of revenue of RM109.0 million (2001 : RM123.0 million).

During the year under review, CWM completed and handed over the RASA Distribution and Supply System Project and the Semenyih Alternative Power Supply Project totalling RM180 million.

CWM is currently undertaking the Mechanical and Electrical Works for the New Gadek Water Treatment Plant project in Melaka with a contract value of approximately RM30 million. The intake and treatment plant works, which are located downstream of Sungai Batang, Melaka and Sungai Kemuning confluence, are constructed to replace the existing 40-year old treatment plant and to cater to the increasing water demand in the region.

CWM is also executing part of the pipe laying works for the Bukit Badong Distribution Supply System Stage 1 valued at RM60 million. The project involves supplying, laying, joining, testing and commissioning 20 km of Mild Steel Pipes from Bukit Tadun Reservoir to New Jelutong Reservoir.



CWM's solid waste operations including its associate, Worldwide Landfills Sdn Bhd achieved a record revenue of RM21.7 million (2001 : RM13.2 million) through its sanitary landfill business in Ayer Hitam on increased volume of waste of 743,212 mt compared with 432,882 mt in the year before.

Another on-going project is the Bayan Baru Sewage Treatment Plant in Bayan Baru, Penang. CWM is responsible for executing the Mechanical, Electrical and Instrumentation Works plus the management of the operations and maintenance for 3 years after completion. This treatment plant, with a contract value of RM40 million has a capacity of 45,000 cubic metre per day and is built to provide a proper sewage treatment for Penang State whose economic development is contributed largely by tourism.

All three projects are scheduled for completion in 2003.

## LOOKING AHEAD

GOING FORWARD, CWM WILL CONTINUE TO EXPLORE NEW OPPORTUNITIES WITHIN THEIR SPECIALIZATION AND IS TARGETING A NUMBER OF MALAYSIAN AND OVERSEAS PROJECTS.