

PPB GROUP BERHAD INVESTOR HANDBOOK 2005



CONTENTS

4	introduction	36	edible oils refining
5	corporate profile	38	engineering services
6	mission statement	40	environmental engineering, waste management & utilities
7	corporate history	42	flour milling
9	corporate objectives	44	glove manufacturing
10	corporate structure	46	livestock farming
12	board of directors	48	oil palm plantations
17	group management team	50	packaging
21	activities	52	property development
22	amusement centre operations	54	sugar refining
24	animal feed milling	56	group financial highlights
26	chemicals manufacturing	58	5-year group statistics
28	cinema operations	60	financial performance
30	commodity trading	62	movements in share capital
32	consumer products distribution	64	dividend record
34	contract manufacturing	65	investor relations schedule for 2006

ACTIVITIES



22



55



INTRODUCTION



As part of PPB's investor relations programme, we are publishing our fifth Investor Handbook to keep shareholders and the investing public informed of PPB Group's diversified activities. The Investor Handbook is updated yearly and distributed with the Annual Report. We trust it will serve as a convenient reference guide for the reader to better understand PPB, to interpret its results and to appraise its future growth and direction.

Through this better understanding, both the corporation and its shareholders are able to work together to build and grow PPB to enable it to provide increasing returns to its shareholders.

PPB Group is constantly seeking to expand its core businesses and to invest in businesses which are synergistic to its existing operations in order to maintain its competitive edge in the market and to provide sustainable shareholder value growth.

Datuk Oh Siew Nam
Executive Chairman



CORPORATE PROFILE

PPB Group Berhad was incorporated in Malaysia in November 1968 and was subsequently listed on the then Stock Exchange of Kuala Lumpur and Singapore with an issued and paid capital of RM15 million in May 1972.

The Company has grown from its initial business of cane cultivation and sugar milling to become a major conglomerate engaged in diverse businesses. The Group's operations now include sugar refining; grains trading, flour and feed milling; edible oils processing; oil palm plantations; environmental engineering and waste management; film exhibition and distribution; property ownership and development; and commodity trading.

PPB Group has positioned itself to be a market leader in all its core businesses. Its core businesses are operated by the following :-

- **Malayan Sugar Manufacturing Company Berhad**, operator of the region's largest sugar refinery in Prai which supplies about 50% of the local market requirements.
- **FFM Group**, a major producer of flour and animal feed owning a total of four flour mills and five feed mills located throughout the country. The FFM Group supplies more than 40% of the country's flour requirements.

- **PGEO Group** which processes more than 3.0 million mt of edible oils per year is one of the largest palm oil refiners in the country with six refineries in Peninsular and East Malaysia.

- **PPB Oil Palms Group** is one of the more efficient producers of crude palm oil in the country. It has a total land bank of 363,238 hectares in East Malaysia and Indonesia of which 86,627 hectares have been planted and owns nine crude palm oil mills with a total milling capacity of 2 million mt of fresh fruit bunches per annum.

- **Chemquest Group** is engaged principally in environmental engineering, infrastructure and waste management and has successfully commissioned 20 water projects and 50 wastewater treatment plants for various types of industries throughout Malaysia.

As one of the more diversified conglomerates in Southeast Asia, PPB's success over the years has shown that its strategic acquisitions and joint ventures were in the right direction.

Today, PPB ranks among the top companies listed on the Bursa Malaysia Securities Berhad with a market capitalisation of RM4.9 billion. Its total assets and turnover for the last financial year ended 31 December 2005 amounted to RM6.4 billion and RM11.0 billion respectively. The Group currently employs more than 20,000 employees for its domestic and overseas operations.

MISSION STATEMENT

Striving continually to strengthen
our position as a market leader in
our core businesses

&

to expand into
other related
activities to
increase
shareholder
value.





CORPORATE HISTORY



PPB's involvement in the sugar industry began as early as 1968 with the cultivation and milling of sugar cane in Chuping, Perlis.

In 1976, PPB acquired Malayan Sugar Manufacturing Company Berhad (MSM) and through MSM, PPB became indirectly involved in the hotel industry, polybags manufacturing and bulking operations.

PPB's investment in oil palm cultivation began in 1986 through the establishment of Saremas Sdn Bhd to develop an oil palm plantation in Sarawak and in the following year, PPB acquired a 60% equity interest in Sapi Plantations Sdn Bhd to operate an oil palm project in Sabah. In 1995, PPB expanded its oil palm operations to Indonesia with a 70% equity interest in PT Tidar Sungkai Sawit (PTSS). In 1997, PPB's oil palm plantations in East Malaysia were merged under PPB Oil Palms Berhad (PPBOP) which was subsequently listed on the KLSE (now known as Bursa Malaysia) on 5 August 1997.

In 1987, PPB made a takeover offer for FFM Berhad (formerly known as Federal Flour Mills Berhad), enabling PPB to further diversify into flour and animal feed milling, edible oils processing and commodity trading.

In the same year, PPB finalized an agreement with Golden Harvest (International) Ltd of Hong Kong to establish Golden Screen Cinemas Sdn Bhd (GSC) then known as Golden Communications (M) Sdn Bhd. In 1990, PPB acquired Borneo Film Organization (M) Sdn Bhd (now known as PPB Leisure Holdings Sdn Bhd) and merged its cinema operations under GSC.

In a concerted effort to diversify the Group's revenue base and to reduce its dependency on food operations, PPB in 1993 subscribed for 40% equity interest in Chemquest Sdn Bhd (Chemquest) which is involved in environmental engineering, infrastructure, waste management, trading of chemicals and contract manufacturing. PPB's stake in Chemquest increased to 55% in 1998.



CORPORATE HISTORY

In 2000, PPB undertook a series of corporate restructuring exercises to streamline its operations which included the transfer of PTSS to PPBOP; injection of PT Healthcare Glovindo and Minsec Engineering Services to Chemquest; and the establishment of PGEO Group to consolidate the edible oils refining operations held under FFM and PPBOP. To better reflect its activities, the name of the Company was changed from "Perlis Plantations Berhad" to "PPB Group Berhad".

In 2004, PPB successfully privatized FFM Berhad under a members' scheme of arrangement under Section 176 of the Companies Act 1965, making it a wholly-owned subsidiary from a 54.23% subsidiary.

As PPB continues to expand in its core businesses and improve on efficiency and productivity, it is ready to capitalize on any new investment opportunities especially in businesses which are strategic to its current operations to enable the Group to achieve further success.





CORPORATE OBJECTIVES

CREATE WEALTH FOR SHAREHOLDERS

To reward its shareholders through attractive dividends or capital issues.

PRACTISE GOOD CORPORATE GOVERNANCE

To observe the highest standard of transparency, accountability and integrity in all its business practices and corporate performance.

FOCUS ON CORE BUSINESSES

To focus on expanding its core businesses which include sugar refining; grains trading, flour and animal feed milling; edible oils refining; oil palm plantations and environmental engineering, infrastructure and waste management services.

STRENGTHEN MARKET POSITION

To further strengthen its leadership position in all its core businesses.

MAINTAIN SUSTAINABLE GROWTH

To focus on sustainable growth in the NTA and earnings of the Group.

UTILISE SYNERGIES

To leverage on the strong and committed management team from the various operations and to ensure integration of group activities to maximize synergies.

EXPAND TO OVERSEAS MARKET

To expand its activities to China and other ASEAN countries to provide earnings growth.

STAY COMMITTED AS A RESPONSIBLE CORPORATE CITIZEN

To be a responsible corporate citizen focused on improving the quality of life of others through financial grants, corporate sponsorships and in-kind donations.

IMPROVE EFFICIENCY & PRODUCTIVITY

To further develop its standards in design, production, distribution and marketing in order to meet market requirements.

SECURE FUTURE GROWTH

To seek and capitalize on investment opportunities as well as explore new market segments both domestically and regionally for business and revenue growth in the years ahead.



PPB GROUP BERHAD

CORPORATE STRUCTURE AS AT 31 MARCH 2006

SUGAR

Malayan Sugar Manufacturing Co Bhd
(Sugar refining) 100%

Kilang Gula Felda Perlis S/B
(Sugar milling & refining) 50%

GRAIN, FLOUR & FEED MILLING

FFM Bhd 100%
(Investment holding & flour milling)

Johor Bahru Flour Mill S/B 100%
FFM Flour Mills (S'wak) S/B 100%
Vietnam Flour Mills Ltd 100%
Kerry Flour Mills Ltd 43.4%
(Flour milling)

FFM Marketing S/B 100%
(Consumer products distribution)

JBFM Feedmill S/B 100%
FFM Feedmills (Sabah) S/B 100%
FFM Feedmills (S'wak) S/B 100%
(Animal feed processing)

FFM Farms S/B 100%
(Livestock farming)

Kuok Oils & Grains Pte Ltd 28%
(Commodity trading)

EDIBLE OILS REFINING & TRADING

PGEO Group S/B 100%
(Investment holding)

PGEO Edible Oils S/B 100%
Sandakan Edible Oils S/B 100%
Bintulu Edible Oils S/B 100%
Lahad Datu Edible Oils S/B 45%
KOG Edible Oils BV 35%
(Edible oils processing)

PGEO Energy S/B 100%
(Renewable energy production)

PLANTATIONS

PPB Oil Palms Berhad 55.7%
-Listed on Bursa Malaysia
(Investment holding)

Sapi Plantations S/B 100%
Reka Halus S/B 70%
Kiabau Plantations S/B 100%
Sabahmas Plantations S/B 100%
Sri Kamusan S/B 100%
Sekar Imej S/B 100%
Ribubonus S/B 100%
Ceramilek S/B 89.8%
Saremas S/B 100%
Suai Plantations S/B 100%
Segarmas Plantations S/B 100%
Suburmas Plantations S/B 70%
Suburmas Palm Oil Mill S/B 53%
Clonal Palms S/B 70%
PT Mustika Sembuluh 90%
PT Kerry Sawit Indonesia 90%
PT Tidar Sungkai Sawit 100%
Saratok Palm Oil Mill S/B 30%
(Oil palm cultivation)



MANUFACTURING & SERVICES

Chemquest S/B (Investment holding)	55%
Chemical Waste Management S/B (Waste management & environmental engineering)	99%
Asia Pacific Microspheres S/B (Microspheres manufacturing)	100%
Malayan Adhesives & Chemicals S/B (Adhesives manufacturing)	96.9%
JER Envirotech S/B (Wood-plastic composites manufacturing)	50%
Products Manufacturing S/B (Contract manufacturing)	70%
Sitamas Environmental Systems S/B (Refuse disposal services)	70%
PT Healthcare Glovindo (Glove manufacturing)	100%
Minsec Engineering Services S/B (Engineering services)	100%
Tego S/B (Polybag manufacturing)	79.9%

PROPERTIES

PPB Hartabina S/B (Property development)	100%
Cathay Screen Cinemas S/B (Property owners)	66.2%

ENTERTAINMENT

PPB Leisure Holdings S/B (Investment holding)	100%
Golden Screen Cinemas S/B (Cinema operations)	54.2%
Kerry Leisure Concepts S/B (Amusement centre operations)	50%

Note: The above chart features only the main operating companies and percentages indicate the Group's equity interest held.



BOARD OF DIRECTORS

DATUK OH SIEW NAM

Executive Chairman
Member of Remuneration Committee

DATE OF APPOINTMENT

Director - 2 March 1988
Executive Chairman - 1 July 2004

AGE - 67



QUALIFICATIONS AND EXPERIENCE

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand
- Assistant Controller of Telecom Malaysia for 5 years before joining FFM Berhad Group in 1968
- Managing Director of FFM Berhad from 1982 to 2002 and appointed as Executive Chairman in 2002
- Board member of Bank Negara Malaysia since 1989
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II)

OTHER DIRECTORSHIPS

- FFM Berhad (Executive Chairman)
- Kuok Foundation Berhad
- Penerbangan Malaysia Berhad
- PPB Oil Palms Berhad (Chairman)

DATO' LIM CHEE WAH

Deputy Chairman

DATE OF APPOINTMENT

Director - 2 March 1988
Deputy Chairman - 1 July 2004

AGE - 66



QUALIFICATIONS AND EXPERIENCE

- Bachelor of Arts (Honours) degree in Economics from the University of Malaya
- Joined Malayan Sugar Manufacturing Company Berhad in 1965 and held several senior managerial positions before being appointed as Director in 1989 and Executive Chairman in 2000

OTHER DIRECTORSHIPS

- Jerneh Asia Berhad (Chairman)
- Jerneh Insurance Berhad (Chairman)
- Kuok Foundation Berhad
- Malayan Sugar Manufacturing Co. Bhd (Executive Chairman)
- Malaysian Bulk Carriers Berhad
- Tradewinds (M) Berhad

BOARD OF DIRECTORS

DATO SRI LIANG KIM BANG

Chairman of Audit and
Remuneration Committees
Member of Nomination Committee

DATE OF APPOINTMENT

4 January 1995

AGE - 69

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Arts and Bachelor of Arts (Honours) degrees from the University of Malaya, Singapore
- Post Graduate Course in Public Administration at Cambridge University, England
- Former Sarawak State Financial Secretary

OTHER DIRECTORSHIPS

- Cahya Mata Sarawak Berhad
- CMS Steel Berhad (Chairman)
- CMS Trust Management Berhad
- MISC Berhad
- PPB Oil Palms Berhad
- Rashid Hussain Berhad

ANG GUAN SENG

Chairman of Nomination Committee
Member of Audit and
Remuneration Committees

DATE OF APPOINTMENT

8 July 1998

AGE - 67

QUALIFICATIONS AND EXPERIENCE

- Extensive experience and knowledge in commerce, industry, building as well as trading and has been the Managing Director of Petaling Garden Berhad since 1963

OTHER DIRECTORSHIPS

- Petaling Garden Berhad
- Malayan United Industries Berhad

BOARD OF DIRECTORS

TAN YEW JIN

Executive Director
Chairman of Risk Advisory Committee

DATE OF APPOINTMENT

Director - 12 May 2001
Executive Director - 25 August 2004

AGE - 64

QUALIFICATIONS AND EXPERIENCE

- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants
- Member of Certified Public Accountants, Australia
- Fellow of the Institute of Certified Public Accountants, Singapore
- Was actively involved in FFM Group operations and was Deputy Managing Director of FFM from 1998 to 2000
- Executive Chairman of PPB Oil Palms Berhad from 2000 to 2004

OTHER DIRECTORSHIPS

- Jerneh Asia Berhad
- Jerneh Insurance Berhad
- Tradewinds (M) Berhad

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM

Member of Audit and Nomination Committees

DATE OF APPOINTMENT

12 May 2003

AGE - 67

QUALIFICATIONS AND EXPERIENCE

- Fellow of the Chartered Association of Certified Accountants, United Kingdom
- Fellow of the Chartered Institute of Management Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants
- Honorary Fellow of the Malaysian Institute of Taxation
- Former Director-General of Inland Revenue, Malaysia
- Former Accountant-General of Malaysia

OTHER DIRECTORSHIPS

- Amanah Saham Mara Berhad • Camerlin Group Berhad • Gamuda Berhad • Gran Asia Corporation Berhad • Jerneh Asia Berhad • Jerneh Insurance Berhad • K&N Kenanga Berhad • K&N Kenanga Holdings Berhad • Kenanga Unit Trust Berhad • Panasonic Manufacturing Malaysia Berhad • PPB Oil Palms Berhad • Southern Steel Berhad • Tasek Corporation Berhad

BOARD OF DIRECTORS

TAN GEE SOOI

DATE OF APPOINTMENT
28 July 2004

AGE - 61

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Engineering (Honours) in Electrical Engineering from the University of Malaya
- Held several senior managerial positions in the FFM Berhad Group and is presently the Managing Director of FFM Berhad

OTHER DIRECTORSHIPS

- FFM Berhad

DATUK HARUN BIN DIN

Member of Audit Committee

DATE OF APPOINTMENT
12 May 2005

AGE - 71

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Arts (Honours) degree from the University of Malaya, Singapore
- Joined the Malaysian Civil Service as Assistant Secretary in the Prime Minister's Department in 1959 and held the position of Deputy Secretary-General before retiring in 1990
- Former Secretary-General of the Ministry of Housing & Local Government
- Former Secretary-General of the Ministry of National & Rural Development
- Chairman of Malaysian Election Commission from 1990 to 1999
- Independent Non-Executive Director of FFM Berhad from 1999 to 2004
- Former General Manager of Klang Port Authority

OTHER DIRECTORSHIPS

- Nil

BOARD OF DIRECTORS

DATUK RAJASINGAM A/L MAYILVAGANAM

Member of Audit Committee

DATE OF APPOINTMENT
16 May 2005

AGE - 63

QUALIFICATIONS AND EXPERIENCE

- Fellow of the Chartered Institute of Logistics and Transport
- Associate Member of the Institute of Industrial Engineers, Australia
- Served the Lembaga Pelabuhan Klang for 33 years and was the General Manager prior to his retirement in November 1997
- Independent Non-executive Director of FFM Berhad from 1997 to 2004

OTHER DIRECTORSHIPS

- Nil



GROUP MANAGEMENT TEAM

DATUK OH SIEW NAM

(refer to page 12)

TAN GEE SOOI

(refer to page 15)

CHUA SAY SIN

Managing Director of
Malayan Sugar Manufacturing
Co. Berhad (MSM)

YEAR OF JOINING PPB GROUP - 1974

AGE - 59



QUALIFICATIONS AND EXPERIENCE

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the New South Wales University, Australia
- Masters in Engineering Science from Sydney University, Australia
- Registered Professional Engineer (PE)
- Member of the Institution of Engineers
- Joined MSM in 1974 as an Instrument Engineer involving mainly in the implementation of automatic/computer control and mechanization of sugar refinery operations before becoming the Factory Manager in 1988
- Managing Director of Chemquest Group from 1993 to 2002

GROUP MANAGEMENT TEAM

KHOO ENG MIN

Managing Director of
PPB Oil Palms Berhad Group

YEAR OF JOINING PPB GROUP - 1989

AGE - 64

QUALIFICATIONS AND EXPERIENCE

- National Certificate in Agriculture from Monmouthshire Institute of Agriculture
- Higher National Diploma in Business Management from Oxford College of Technology (now known as Oxford Brookes University)
- Member of Royal Agriculture College in Rural Estate Management, United Kingdom
- Joined Dunlop Estates Berhad upon his graduation and served for about 21 years where he held the post of Plantations Controller

LEONG YEW WENG

Managing Director of
Chemquest Sdn Bhd

YEAR OF JOINING PPB GROUP - 1993

AGE - 46

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Liverpool
- Masters of Business Administration from Brunel, University of London
- Registered Professional Engineer (PE) with the Board of Engineers
- Member of the Malaysian Institute of Engineers
- 25 years of experience in general management, project management, procurement and management information systems in the Power, Oil & Gas, Water and Environmental Engineering Industries

GROUP MANAGEMENT TEAM

EAPEN THOMAS

Executive Director of
PPB Hartabina Sdn Bhd

YEAR OF JOINING PPB GROUP - 2003

AGE - 58

QUALIFICATIONS AND EXPERIENCE

- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Currently the General Manager of Hillcrest Garden Sdn Bhd

KOH MEI LEE

Chief Executive of Golden Screen
Cinemas Group & Senior Manager
(Corporate Affairs) of PPB Group Berhad

YEAR OF JOINING PPB GROUP - 1990

AGE - 41

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Business Administration degree (Summa Cum Laude) from the University of Montevallo, USA
- Oversees the corporate affairs and investor relations of PPB Group as well as the Group's leisure operations.

GROUP MANAGEMENT TEAM

TAN TEONG BOON

Company Secretary of
PPB Group Berhad

YEAR OF JOINING PPB GROUP - 1969

AGE - 59

QUALIFICATIONS AND EXPERIENCE

- Bachelor of Economics (Honours) degree in Business Administration from the University of Malaya
- Oversees the secretarial matters and general administrative functions of PPB Group

LEONG CHOY YING

Chief Financial Officer of PPB Group Berhad &
Director of FFM Berhad

YEAR OF JOINING PPB GROUP - 2004

AGE - 40

QUALIFICATIONS AND EXPERIENCE

- Fellow of Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Taxation
- Bachelor of Arts (Honours) degree in Business Studies from the University of West of England, Bristol
- Worked in auditing, merchant banking and stockbroking and a public listed company prior to joining PPB Group Bhd