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INVESTOR UPDATE

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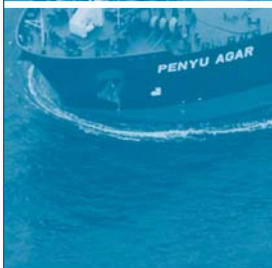
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FEATURE ARTICLE

MALAYSIAN BULK CARRIERS BERHAD



Malaysian Bulk Carriers Berhad (“MBC”) was established in 1995 as a joint venture between Global Maritime Ventures Berhad (“GMV”), a subsidiary of Bank Industri; Brown Sugar Company Limited (“BSCL”), a wholly-owned subsidiary of Pacific Carriers Limited (“PCL”); and Malayan Sugar Manufacturing Company Bhd (“MSM”), a wholly-owned subsidiary of PPB Group Berhad.

Today, the MBC Group is recognized as one of the largest shipping enterprise in Malaysia engaged in chartering and shipowning activities. MBC presently operates a fleet of 14 vessels comprising 11 dry bulk carriers and 3 product tankers with a total tonnage of 560,195 dwt.

FEATURE ARTICLE



History

As an active trading nation, freight and insurance have been one of the largest components of Malaysia's current service account. Initially, Malaysian traders relied on services provided by non-Malaysian owned vessels to export cargo on FOB basis and import cargo on CIF basis. As a result, there was a significant increase in the country's payment deficits in invisibles. To address the rising deficit, the Malaysian government announced the establishment of a RM500 million shipping venture fund in 1992.

Recognizing that the Malaysian flagged tonnage would have to be expanded to address this problem, GMV, with its initial investment of RM200 million, began implementing a course of action to encourage local enterprises to start their own Malaysian merchant fleet. Among the prominent shipping enterprises invited by the Malaysian government to collaborate with GMV was PCL, the shipping arm of the Kuok Group.

In September 1994, PCL entered into a memorandum of understanding with GMV and MSM. Hence, MBC's shareholding was restructured with GMV and MSM joining BSCL as shareholders in the restructured MBC, owning a fleet of 18 vessels. Although the initial focus was on dry bulk, the MBC Group entered the tanker segment in 1997 when it took delivery of the first of four medium range double hull product tankers of 46,500 dwt.

The MBC Group recently acquired Pacific Ship Managers Sdn Bhd ("PSM"), a ship manager and broker. The acquisition takes into account the expertise and support services available in the PSM Group and the need for such expertise for the future growth and development of MBC Group. The MBC Group also acquired Awanapuri Sdn Bhd, whose principal asset is a land to operate a container depot.



FEATURE ARTICLE

Listing of MBC

The entire issued and paid-up share capital of MBC, comprising 800,000,000 ordinary shares of RM0.25 each and 120,000,000 Redeemable Preference Shares of RM0.25 each, was listed on the Main Board of the Kuala Lumpur Stock Exchange on 2nd December 2003.

Of the entire issued and paid-up share capital listed, 100,000,000 ordinary shares of RM0.25 each were offered for subscription and 140,000,000 ordinary shares of RM0.25 each were offered for sale to the public.

The Institutional Price was determined by the Board of MBC to be RM1.38 per MBC share and the Final Retail Price was determined as RM1.19 per MBC Share, on the basis that it was the lower of RM1.19 per MBC share and 97% of the Institutional Price.

The Company's shares made a strong debut at listing, with an opening price of RM1.87, or 68 sen above the offer price of RM1.19 and the stock was oversubscribed by more than 30 times. This was the KLSE's second largest IPO for the year 2003.

Today, PPB Group Berhad is a substantial shareholder of MBC owning 14% equity interest through MSM.

Expansion & Future Plans

In tandem with the growing demands of business, the MBC Group has been steadily disposing its older vessels and investing in newbuildings to stay ahead of competition.

As at 14 October 2003, the MBC Group had contracted for the construction of 11 newbuildings consisting 6 Panamax tankers and 5 Post-Panamax bulk carriers, totalling 873,000 dwt to be delivered over a period of time from November 2003 to January 2006.

HAPPENINGS



MARATHON SCORES ANOTHER MILESTONE IN WASTE MANAGEMENT



MARATHON EQUIPMENT ASIA PTE LTD SECURES S\$20.0 MILLION CONTRACT WITH SEMBCORP ENVIRONMENTAL MANAGEMENT

In November 2003, a consortium comprising Marathon Equipment Asia Pte Ltd (Marathon), a 70% indirect subsidiary of PPB; ST Group, a Singapore government linked group; and Goldbell Engineering Pte Ltd, was awarded a contract of S\$20.0 million to provide efficient and cost-effective trucks over the next 3 years to a Singapore based company, SembCorp Environmental Management (SembEnviro).

SembEnviro is the largest environmental services company in Asia, offering total integrated environmental management solutions.

Marathon is the leading solution provider in the environmental engineering and solid waste management industry in the Asia Pacific region, having extensive network from the Middle East to the South Pacific Islands. Currently, Marathon's business ranges from the very basic receptacle that is "waste container" to major infrastructure project such as "waste transfer station".

In Malaysia, Marathon has supplied the revolutionary "waste containers on wheels" under the trademarks "OTTO" and "QUANTUM" to Alam Flora which are used in Klang Valley, Penang, Kuantan, Johor Bahru, Miri, Kuching and Bintulu. The "designer street bins" seen on the streets of Kuala Lumpur during the IOC meeting last October were also supplied by Marathon.

The contract with SembEnviro marks another milestone for Marathon.

HAPPENINGS

TRIP TO LANGKAWI ISLAND



For the past 5 years, PPB Group Berhad has held annual Company's trips, to get employees together and to thank them for a year's hard work. This year's annual trip brought the staff to Langkawi Island for a 3-day/2-night stay at the luxurious Sheraton Langkawi Resort.

The first day kicked off with a visit to "Atma Alam", an art village selling authentic, hand-painted batik handicrafts and apparels as well as the "Underwater World", also known as the largest marine and freshwater aquarium in South East Asia featuring more than 5,000 marine life. Concluding the day's tour was the cable car ride to Mount Chinchang which was simply thrilling to many.

The following day, the staff headed to Pulau Payar Marine Park where the island's crystal clear waters encrusted with colourful corals, sea creatures and baby sharks proved to be an unforgettable experience for snorkeling enthusiasts. To top it off, the staff tucked into a sumptuous buffet spread at Langkawi Coral, a 15-metre floating reef platform located on the outskirts of the island.

Langkawi Island famous for being a tax haven, saw the staff emptying their wallets for imported chocolates, kitchen ware, beddings and liquours.

The trip ended on a relatively quieter note as the PPB staff relaxed, unwind and enjoyed the breathtaking scenic of the Island.

Another great trip for PPB staff!!

HAPPENINGS



“THE LORD OF THE RINGS” MOVIE MARATHON AT GSC CINEPLEX, MID VALLEY

Over 600 “The Lord of the Rings (LOTR)” fans had the privilege of being the few Malaysians throughout the country to experience the once-in-a-lifetime overnight back-to-back trilogy marathon in GSC Cineplex at Mid Valley recently.

The participants of the LOTR marathon were winners of the Subaru Quest for the Rings Challenge, GSC LOTR Marathon Website contest, winners of various LOTR contests with the media, the Subaru team and members of the media.

The mood and enthusiasm for the night ranked high as most of the participants arrived as early as an hour before the first screening of the 3.5 hour long extended version of “The Lord of the Rings : Fellowship of the Ring”, armed with their jackets and pillows to keep them comfortable for the night.

Most of them made quick “marathon” dashes to the allocated halls to ensure they get the best seats for the movie screening. Right after the part one of the LOTR trilogy, many hopped in line for the queue for the second part of the marathon “The Lord of the Rings : The Two Towers”, a 3.45 hour long extended version. Some took the opportunity of the short break for a nice cup of coffee to keep themselves awake for the second show. Subaru even catered for some food for the marathoners in the wee hours of the morning.

By the time the third movie “The Lord of the Rings : Return of the King” started around 7.00 am, many looked weary and pale from the marathon screenings yet their spirit was still high and determined to go through the last segment of the marathon.



SHARE ANALYSIS

PPB SHARE & KUALA LUMPUR COMPOSITE INDEX PERFORMANCE FOR 4TH Q 2003

4TH Q 2003 3RD Q 2003 % change

PPB share price

Closing price (high)	6.55	5.50	19.09%
Closing price (low)	5.35	4.70	13.83%
Month end closing price	6.55	5.30	23.58%
Weighted share price	5.82	5.23	11.29%
Market capitalization (RM' million)	3,213.58	2,600.30	23.58%

PPB share volume

Daily volume (high)	1,412,200	810,100	74.32%
Daily volume (low)	18,600	24,100	-22.82%
Average daily volume	334,600	234,122	42.92%

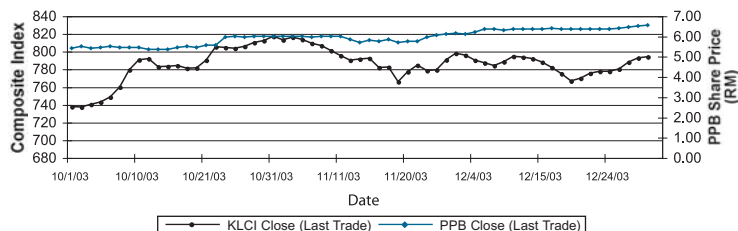
Kuala Lumpur Composite Index (KLCI) share price

KLCI closing (high)	817.12	756.48	8.02%
KLCI closing (low)	737.43	693.58	6.32%
KLCI month end closing	793.94	733.45	8.25%

Kuala Lumpur Composite Index (KLCI) share volume

Daily volume (high)	268,086,896	251,305,696	6.68%
Daily volume (low)	20,624,500	40,263,300	-48.78%
Average daily volume	81,103,744	77,712,787	4.36%

KLCI & PPB Share Price For 4th Quarter 2003



The Kuala Lumpur Stock Exchange rallied in late October to cross 800 points following Standard & Poor's upgrade of Malaysia's currency credit rating from BBB to A-. However, the lack of follow-through buying coupled with the government's decision to defer the mammoth RM14.5 bil railway double tracking project and the re-emergence of SARS in Taiwan caused the local market to drift below the 800 point level in December. The KLCI closed at 793.94 points on 31 December 2003, gaining 8.25 % from 733.45 points in the previous quarter.

PPB shares outperformed the KLCI throughout the quarter. PPB share price ended the quarter significantly higher when it closed at RM6.55 on 31 December 2003, an increase of 23.58% over its closing price of RM5.30 on 30 September 2003. In tandem, the market capitalization of PPB shares improved to RM 3.2 billion from RM 2.6 billion. The daily average volume rose to 334,600 shares in the fourth quarter, an increase of 42.92% over the average volume for 3rd quarter.

On a year-on-year comparison, PPB closing share price gained 66.24% to RM6.55 from RM3.94 in 2002.

FINANCIAL STATISTICS

GROUP FINANCIAL HIGHLIGHTS

Financial year ended	12 months		Change	
	31.12.03 (RM'million)	31.12.02 (RM'million)		
Income Statements				
Revenue	9,319.768	7,857.980	18.6%	
Profit from operations	554.572	377.813	46.8%	
Profit before taxation	707.360	500.747	41.3%	
Earnings for the year	371.253	242.996	52.8%	
Balance Sheet				
Current assets				
Inventories	810.429	729.666	11.1%	
Trade receivable	423.760	368.193	15.1%	
Cash and cash equivalents	724.579	478.532	51.4%	
Others	331.185	392.051	-15.5%	
Total current assets	2,289.953	1,968.442	16.3%	
Current liabilities				
Trade payable	296.295	266.600	11.1%	
Short term debt	390.942	383.244	2.0%	
Others	292.583	283.750	3.1%	
Total current liabilities	979.820	933.594	5.0%	
Long-term assets				
Property, plant and equipment	2,478.584	2,384.123	4.0%	
Associates	535.668	687.849	-22.1%	
Jointly controlled entities	27.547	0.314	8672.9%	
Investment	412.098	236.655	74.1%	
Goodwill	34.779	37.093	-6.2%	
Others	24.129	23.859	1.1%	
Total long-term assets	3,512.805	3,369.893	4.2%	
Long-term liabilities				
Long-term debt	83.877	78.148	7.3%	
Minority interest	1,482.721	1,372.859	8.0%	
Others	268.313	252.362	6.3%	
Total long-term liabilities	1,834.911	1,703.369	7.7%	
Balance sheet total	2,988.027	2,701.372	10.6%	
Share capital	490.623	490.623	0.0%	
Reserves	2,497.404	2,210.749	13.0%	
Shareholders' funds	2,988.027	2,701.372	10.6%	
Financial Ratios				
Return on net assets	(%)	14.71	11.43	
Return on equity	(%)	12.42	9.00	
EPS	(sen)	75.67	49.53	52.8%
Profit before tax over revenue	(%)	7.59	6.37	
Interest coverage	(times)	62.60	37.10	68.7%
Current ratio	(times)	2.34	2.11	10.9%
Debt ratio	(%)	2.73	2.81	
NTA per share	(RM)	6.02	5.43	10.9%
Net dividend per share	(sen)	20.52	43.00	-52.3%
Stock Market Information				
Share price	(RM)	6.55	3.94	66.2%
Market capitalisation	(RM'million)	3,213.58	1,933.05	66.2%
PE ratio	(times)	8.66	7.95	



PRESS RELEASE

PPB GROUP BERHAD'S FINANCIAL RESULTS FOR THE YEAR ENDED 31.12.2003

OVERVIEW

PPB Group Berhad accomplished a new pre-tax profit record of RM707.4 million for the financial year ended 31 December 2003.

PPB's Executive Chairman, Mr Ong le Cheong comments, "Our strong performance for 2003 provides direct evidence of the continued underlying strength of the Group's major businesses. We have made tremendous progress in strengthening the Group's leading position in its core businesses through continual efforts to improve competitiveness by upgrading of facilities, reducing operating cost, improving distribution channels and updating marketing strategies.

FINANCIAL HIGHLIGHTS

For the fiscal year 2003, the Group reported a 41% increase in its pre-tax profit of RM707.4 million from RM500.8 million achieved last year. The growth in profit was largely due to improved performances from the oil palm plantation, edible oils refining and trading and sugar activities.

The higher pre-tax profit was achieved against a 19% increase in revenue to RM9.32 billion from RM7.86 billion in 2002 principally due to higher production and selling prices of palm oil and its related products.

Net profit grew by 53% to RM371.3 million compared with RM243 million achieved in the previous year, translating to earnings per share of 75.67 sen up from 49.53 sen.

Riding on the strong profits for the year, net tangible assets per share improved to RM6.02 from RM5.43. Robust cash flows generated by the Group's core operations contributed to a much-improved net cash position of RM249.8 million as at 31.12.2003 against RM17.1 million in 2002. The strong liquidity will enable the Company to finance the cash portion of FFM's privatization exercise from internally generated funds.

DIVIDENDS

The Board of Directors has recommended a final dividend of 16 sen per share comprising 11 sen less tax and 5 sen tax exempt. Together with the interim dividend of 9 sen per share (5 sen less tax and 4 sen tax exempt), PPB's total dividend declared for the financial year is 25 sen per share.

Excluding the special dividend paid last year, net dividend per share for 2003 increased from 18 sen to 20.52 sen. The total net dividend of RM100.7 million represents a payout ratio of 72% of the Company's earnings.

PRESS RELEASE



REVIEW OF RESULTS

The major contributors to Group profits are:-

Food Manufacturing Activities

Sugar operations contributed higher profits due to favorable commodity prices and the Group's continuous efforts to increase efficiency. Despite operating in a difficult environment characterized by over-capacity in the industry, the flour and animal feed milling managed to increase both flour and feed sales by 2% and maintained its profit performance.

Oil Palm Plantations

Contribution from oil palm plantations improved further by 15% boosted by better CPO prices and higher production. CPO prices trended higher in 2003 contributing to a 12% increase in PPBOP's actual CPO price realized from RM1,299 per tonne to RM1,456 per tonne. CPO production increased by 4% to 290,000 tonnes with the higher production of fresh fruit bunches which improved by 9% to 1,150,281 tonnes and higher extraction rate.

Edible Oils Refining & Trading

The Group's refineries including its associate processed 3.6 million mt of refined edible oils. Profit from edible oils refining improved by more than 2 fold mainly due to the timely hedging of raw materials and the better prices of palm oil products resulting from increased demand from India and China.

Environmental Engineering, Waste Management and Utilities

This division had a challenging year but steady profits from its associates operating the water concession at Sungai Semenyih and waste management activity helped sustain its performance.

Film Exhibition and Distribution

Profits from the film exhibition and distribution division improved significantly from higher admissions, which increased from 8.2 million to 9.6 million. The film industry benefited from the increase in the number of strong blockbuster films released during the year as well as the government's piracy eradication efforts.

CORPORATE ACTIVITIES DURING YEAR 2003

In November, the Company proposed to privatize FFM by acquiring the remaining 45.77% equity interest in FFM not already owned by PPB by way of an FFM members' scheme of arrangement under Section 176 of the Companies Act, 1965. Under the scheme, PPB will offer a share exchange of one (1) new ordinary share of RM1.00 each in PPB plus cash of RM2.00 for every one (1) FFM share held.

In December, Malaysian Bulk Carriers Berhad in which PPB has 14% interest was listed on the Main Board of Malaysia Securities Exchange Berhad.

PROSPECTS FOR YEAR 2004

The Malaysian economy is expected to improve further with a GDP of between 5.5% - 6% in 2004 against the backdrop of a recovering global economy. The growing domestic consumption together with rising disposal income would have a positive impact on the Group's businesses.

Based on current favorable commodity prices and the higher expected production from the plantations with more young palms reaching maturity as well as the increasing proportion of mature palms at prime age, the Board is optimistic that the Group is well positioned to maintain its good performance.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 DECEMBER		12 months ended 31 DECEMBER	
	2003	2002	2003	2002
(The figures have been audited)	RM'000	RM'000	RM'000	RM'000
Revenue	2,569,208	2,199,312	9,319,768	7,857,980
Operating expenses	(2,453,454)	(2,078,538)	(8,797,764)	(7,515,321)*
Other operating income	960	13,362	32,568	35,154
Profit from operations	116,714	134,136	554,572	377,813
Net profit from investing activities	25,277	8,490	39,666	19,592
Share of associated companies' profits less losses	43,229	29,491	124,644	117,111*
Share of jointly controlled entities' profits less losses	(38)	80	(38)	102
Finance costs	(4,049)	(5,645)	(11,484)	(13,871)
Profit before taxation	181,133	166,552	707,360	500,747
Taxation	(40,115)	(44,348)	(170,478)	(122,255)*
Profit after taxation	141,018	122,204	536,882	378,492
Minority interest	(41,294)	(44,128)	(165,629)	(135,496)*
Net profit for the period	99,724	78,076	371,253	242,996
Earnings per share (sen) :-				
(a) Basic (based on 490,623,124 ordinary shares)	20.33	15.91	75.67	49.53
(b) Diluted (based on 490,623,124 ordinary shares) arising from exercise of employee share options granted by PPB Oil Palms Berhad (PPBOP) thereby diluting group's share of PPBOP's earnings.	-	15.82	-	49.37

(The Condensed Consolidated Statements should be read in conjunction
with the Annual Financial Statements for the year ended 31 December 2002)

* These figures have been restated to include effects on the
recognition of deferred tax in compliance with MASB 25 - Income Taxes and
amortisation policy on plantation development expenditure as stated in Explanatory Note A1.

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31 DEC 2003 RM'000 (Audited)	As at 31 DEC 2002 RM'000 (Audited) (Restated *)
Property, plant and equipment	2,478,584	2,384,123 *
Land held for development	16,679	14,817
Investment in associated companies	535,668	687,849 *
Investment in jointly controlled entities	27,547	314
Long term investments	412,098	236,655
Goodwill on consolidation	34,779	37,093
Deferred tax assets	7,450	9,042 *
Current Assets		
Inventories	810,429	729,666
Land under development	34,439	44,890
Receivables	720,506	715,354
Cash and cash equivalents	724,579	478,532
	<u>2,289,953</u>	<u>1,968,442</u>
Current Liabilities		
Payables	562,902	535,520
Short term borrowings	390,942	383,244
Taxation	25,976	14,830
	<u>979,820</u>	<u>933,594</u>
Net Current Assets	<u>1,310,133</u>	<u>1,034,848</u>
	<u>4,822,938</u>	<u>4,404,741</u>
Financed by :		
Share Capital	490,623	490,623
Reserves	2,497,404	2,210,749 *
Shareholders' equity	2,988,027	2,701,372
Minority interest	1,482,721	1,372,859 *
Long term borrowings	83,877	78,148
Reserve on consolidation	12,233	11,187
Deferred tax liabilities	256,080	241,175 *
	<u>4,822,938</u>	<u>4,404,741</u>
Net tangible assets per share (sen)	602	543 *

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

* These figures have been restated to include effects on the recognition of deferred tax in compliance with MASB 25 - Income Taxes and amortisation policy on plantation development expenditure as stated in Explanatory Note A1.

	Non-distributable Reserves							
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2003								
- As previously reported	490,623	21,128	133,300	31,997	140,391	305,688	2,009,414	2,826,853
- Prior year adjustment (refer to Note A1)	-	-	(43,582)	-	-	(43,582)	(81,899)	(125,481)
- As restated	490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	2,701,372
Net (losses)/gains not recognised in the income statement	-	-	(381)	4,761	332	4,712	(998)	3,714
Net Profit for the year	-	-	-	-	-	-	371,253	371,253
Transfer of reserves	-	-	(983)	-	3,307	2,324	(2,324)	-
Dividend paid	-	-	-	-	-	-	(88,312)	(88,312)
At 31 December 2003	490,623	21,128	88,354	36,758	144,030	269,142	2,207,134	2,988,027
At 1 January 2002								
- As previously reported	490,623	21,140	142,399	23,737	122,939	289,075	1,974,690	2,775,528
- Prior year adjustment (refer to Note A1)	-	-	(42,479)	-	-	(42,479)	(75,820)	(118,299)
- As restated	490,623	21,140	99,920	23,737	122,939	246,596	1,898,870	2,657,229
Net (losses)/gains not recognised in the income statement	-	-	(5,518)	8,260	16,484	19,226	(15,930)	3,296
Net Profit for the period	-	-	-	-	-	-	242,996	242,996
Transfer of reserves	-	-	(4,684)	-	968	(3,716)	(3,716)	-
Dividends paid	-	-	-	-	-	-	(202,137)	(202,137)
Bonus issue expenses	-	(12)	-	-	-	-	-	(12)
At 31 December 2002	490,623	21,128	89,718	31,997	140,391	262,106	1,927,515	2,701,372

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2003 RM'000	2002 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	707,360	500,747
Adjustments :-		
Non-cash items	4,673	25,325
Non-operating items	(11,374)	(7,480)
Operating profit before working capital changes	700,659	518,592
Working capital changes		
Net change in current assets	(52,743)	(110,114)
Net change in current liabilities	10,017	56,557
Cash generated from operations	657,933	465,035
Tax paid	(130,493)	(132,523)
Net cash generated from operating activities	527,440	332,512
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(203,531)	(220,187)
Proceeds from disposal of property, plant and equipment	16,896	23,465
Investment in subsidiary companies	(31,283)	-
Investment in associated companies	(8,125)	(5,740)
Investment in jointly controlled entities	(27,547)	-
Proceeds from disposal of associated companies	52,904	59,398
Redemption of preference shares of an associated company	9,033	12,141
Dividend received from investments	48,440	37,482
Interest received	15,182	13,277
Other investing activities	(9,005)	(703)
Net cash used in investing activities	(137,036)	(80,867)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiary companies	34,044	44,593
Bank borrowings	12,080	(42,564)
Interest paid	(12,236)	(14,502)
Dividends paid	(165,867)	(257,735)
Other financing activities	(8,830)	(19)
Net cash used in financing activities	(140,809)	(270,227)
Net increase in cash and cash equivalents	249,595	(18,582)
Cash and cash equivalents at 1 January	466,410	482,082
Effect of exchange rate changes	(369)	2,910
Cash and cash equivalents at 31 December	715,636	466,410

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2002.)

A. MASB 26 - Paragraph 16**A1. Accounting policies**

The interim financial reports of the Group have been prepared in accordance with the requirements of MASB 26 - Interim Financial Reporting and Chapter 9 Part K of the new listing requirements of Malaysia Securities Exchange Berhad ("MSEB"). The interim financial reports of the Group are prepared using the same accounting policies, methods of computation and basis of consolidation as those used in the preparation of the most recent audited annual financial statements, except for the following :-

(i) Adoption of MASB 25 - Income Taxes

In compliance with MASB 25, the recognition of deferred tax assets and liabilities has been applied retrospectively resulting in prior year adjustments and restatement of the comparative figures for 31 December 2002.

(ii) Adoption of amortisation policy on plantation development expenditure

In line with the Group's amortisation policy on leasehold land, plantation development expenditure of the Group's matured estates has been amortised over the lease periods of plantation lands retrospectively. The adoption of amortisation policy on plantation development expenditure has increased the amortisation expense by RM9.8 million for the financial year ended 31 December 2003.

The effects of the implementation of MASB 25 and amortisation policy on plantation development expenditure for the financial year ended 31 December 2002 are summarised as follows :-

	As at 31 DECEMBER 2002		
	As previously reported	Effect	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	2,449,785	(65,662)	2,384,123
Revaluation reserve	133,300	(43,582)	89,718
Retained profits	2,009,414	(81,899)	1,927,515
Investment in associated companies	687,233	616	687,849
Deferred tax asset	-	9,042	9,042
Minority interest	1,480,654	(107,795)	1,372,859
Deferred tax liability	63,903	177,272	241,175
	RM	RM	RM
Net tangible assets per share	5.69	(0.26)	5.43

A8. Segmental reporting

Segmented information in respect of the Group's business segments for the year ended 31 December 2003:

All figures in RM'000	Grains			
	Sugar refining and cane plantation	trading, flour & feed milling	Edible oils refining & trading	Oil palm plantations
Information about Business Segments:				
REVENUE				
External Sales	743,647	723,751	6,908,550	126,942
Inter - Segment sales	139	37,443	111,717	343,827
Total revenue	743,786	761,194	7,020,267	470,769
RESULT				
Segment operating profit/(loss)	155,966	89,298	88,849	168,185
Unallocated corporate expense				
Operating profit				
Investing activities				
Finance costs				
Share of associated companies' profits less losses	(45)	-	82,047	1,573
Share of jointly controlled entities profit less losses	-	-	-	-
Profit before taxation	-	-	-	-

A2. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report of the preceding annual financial statements.

A3. Seasonal or Cyclicity of Interim Operations

The Group's operations are not affected by any seasonal or cyclical factors except for the oil palm plantation operations. As the cropping pattern declines to a trough in the first half of the year and rises to a peak in the second half, the performance of the Group's plantations and mills will be reflected accordingly.

A4. Unusual items affecting assets, liabilities, equity, net income, or cash flow

There were no items of unusual nature, size or incidence that affect the assets, liabilities, equity, net income and cash flows of the Group during the current period under review.

A5. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

A7. Dividends paid during the financial year ended 31 December 2003

	12 months ended 31 DEC 2003
<u>Dividends paid on ordinary shares</u>	RM'000
2002 Final dividend - 5 sen tax exempt & 7.5 sen less 28% income tax	51,025
2003 Interim dividend - 4 sen tax exempt & 5 sen less 28% income tax	<u>37,287</u>
	<u>88,312</u>

Livestock farming	Packaging	Environmental engineering, waste management and utilities	Film exhibition and distribution	Property investment and development	Others	Elimination	Total
51,468	100,292	106,754	87,788	113,682	356,894	-	9,319,768
6,217	16,037	-	-	941	26,134	(542,455)	-
<u>57,685</u>	<u>116,329</u>	<u>106,754</u>	<u>87,788</u>	<u>114,623</u>	<u>383,028</u>	<u>(542,455)</u>	<u>9,319,768</u>
4,083	12,805	2,501	10,238	29,525	7,855	441	569,746
							(15,174)
							554,572
							39,666
							(11,484)
-	-	14,096	-	3,463	23,510	-	124,644
-	-	-	-	-	-	-	-
-	-	(38)	-	-	-	-	(38)
							<u>707,360</u>

A9. Valuation of Property, Plant and Equipment

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period.

A12. Changes in contingent liabilities or contingent assets

The guarantees issued by the Group in respect of credit facilities granted by financial institutions to associated companies as at 31 December 2003 were decreased from RM23.80 million to RM15.80 million.

There were no contingent assets as at the end of the current interim period.

B. MSEB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance for the current quarter and financial year-to-date**

Group revenue of RM9.320 billion for the year ended 31 December 2003 was 19% higher compared with RM7.858 billion for the previous year mainly due to higher selling prices for palm oil and its related products.

The Group achieved a record profit before tax of RM707.360 million which represents an increase of 41% over the previous year's Group profit of RM500.747 million. The oil palm plantation division contributed higher profits mainly due to higher crop production and palm product prices. The sugar refining division, edible oils trading and refining operations also contributed higher profits compared with the previous year. The Group's other business operations achieved satisfactory results.

B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter

The Group profit before tax for the quarter under review of RM181.133 million was 8% lower compared with RM196.685 million for the preceding quarter. Despite higher crop production and palm product prices, profits from the plantation operations for the current quarter were lower than the immediate preceding quarter due to an increase in expenditure. Lower profit contributions from edible oils trading and refining for the current quarter were mitigated by the better performance of the flour and feed milling operations. The Group's other major operations including associated companies recorded satisfactory results.

B3. Prospects for the current financial year

Crop production for the current year 2004 is expected to improve while CPO prices will remain volatile. Assuming prices stay at current levels, profits from the oil palm plantation division are expected to be higher than in year 2003. The other main operating divisions are expected to perform satisfactorily.

B4. Variance of actual profit from forecast profit

Not applicable.

B5. Taxation

	Individual Quarter 3 months ended 31 DEC 2003 RM'000	Cumulative Quarter 12 months ended 31 DEC 2003 RM'000
Malaysian taxation based on profit for the period:-		
Current	27,090	141,108
Deferred	7,238	11,301
Share of taxation of associated companies	958	10,023
	<hr/> 35,286	<hr/> 162,432
Foreign taxation		
Current	486	2,034
Deferred	119	1,413
Share of taxation of associated companies	6,765	11,243
	<hr/> 42,656	<hr/> 177,122
(Over)/ under provision		
Current	(6,064)	(7,140)
Deferred	3,523	496
	<hr/> 40,115	<hr/> 170,478

The effective tax rate is lower than the statutory rate mainly because of the utilisation of tax incentives and lower tax rates in foreign jurisdiction.

B6. Profit/Loss on sale of unquoted investments and / or properties

The profit on sale of unquoted investments and / or properties for the current quarter and financial year-to-date under review are as follows :-

	Individual Quarter 3 months ended 31 DEC 2003 RM'000	Cumulative Quarter 12 months ended 31 DEC 2003 RM'000
(a) Profit on disposal of unquoted associated company	13,572	13,572
(b) Profit on disposal of properties	2,531	4,387
	<hr/> 16,103	<hr/> 17,959

B7. Quoted securities

(a) Total purchases and disposals of quoted securities for the current quarter and financial year-to-date under review are as follows :-

	Individual Quarter 3 months ended 31 DEC 2003 RM'000	Cumulative Quarter 12 months ended 31 DEC 2003 RM'000
Total cost of purchases	5,926	6,044
Total proceeds from disposals	105	105
Profit on disposal	87	87

(b) Total investments in quoted securities as at 31 December 2003 are as follows:-

	RM'000
At cost	394,380
At book value	386,639
At market value	494,108

B8. Status of corporate proposals

- (a) Reefton Sdn Bhd, a shipping company and a 100%-owned subsidiary of FFM Berhad, was placed under Members' Voluntary Winding-up on 23 September 2002 following the sale of a vessel which is its only asset. The liquidation is in progress.
- (b) Tri-Electro Sdn Bhd, a 76% indirect subsidiary of the Company, has resolved to undertake a Members' Voluntary Winding-up on 4 August 2003. The surplus from liquidation is not material. The liquidation is in progress.
- (c) Narwa Sdn Bhd (Narwa), a 66.6% indirect subsidiary of the Company, had ceased its operations since 1 January 2003. On 17 December 2003, Narwa was placed under Members' Voluntary Winding-up.
- (d) On 11 February 2004, relevant applications have been made to the Securities Commission, Foreign Investment Committee and the Ministry of International Trade and Industry on the proposed privatisation of FFM Berhad by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 by the main adviser of PPB, Commerce International Merchant Bankers Berhad.

Under the scheme, PPB will offer a share exchange of one (1) new ordinary share of RM1.00 each in PPB plus cash of RM2.00 for every one (1) FFM share held.

B9. Group borrowings

Total Group borrowings as at 31 December 2003 are as follows:-

	RM'000	RM'000	RM'000
	Total	Secured	Unsecured
Long term bank loans	900	-	900
Long term bank loans (USD)	89,758	-	89,758
Long term bank loans (SGD)	3,109	3,109	-
Hire purchase liabilities	365	365	-
Repayments due within the next 12 months	(10,255)	(602)	(9,653)
	<u>83,877</u>	<u>2,872</u>	<u>81,005</u>
Short term bank borrowings			
Bills payable	272,963	-	272,963
Short term loans	69,700	-	69,700
Short term loans (USD)	19,258	-	19,258
Short term loans (Vietnamese Dong)	9,824	-	9,824
Current portion of long term loans	10,027	374	9,653
Hire purchase liabilities	228	228	-
	<u>382,000</u>	<u>602</u>	<u>381,398</u>
Bank overdrafts	8,942	-	8,942
	<u>390,942</u>	<u>602</u>	<u>390,340</u>

B10. Off Balance Sheet Financial InstrumentsForeign Currency Contracts

The Group enters into forward foreign exchange contracts as a hedge for its confirmed sales and purchases in foreign currencies. The purpose of hedging is to protect the Group against unfavourable movement in exchange rate. Gains or losses from changes in the fair value of foreign currency contracts offset the corresponding losses or gains on the receivables and payables covered by the instrument.

As at 21 February 2004, the Group has hedged outstanding foreign currency contracts of USD312.594 million equivalent to RM1,184.964 million. These contracts are short term and majority are due to mature within the next five months.

There is minimal credit risk because these contracts are entered into with licensed financial institutions.

Besides a small fee, there is no cash requirement for these instruments.

Commodities Futures Contracts

The Group enters into commodity future contracts to hedge its exposure to price volatility in palm oil commodities. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

As at 21 February 2004, the Group's outstanding commodities futures purchases and sales contracts amounted to RM4.888 million and RM910,000 respectively. All these outstanding purchases and sales contracts are due to mature within the next one to four months and five months respectively.

There is minimal credit risk because these contracts are entered into through the Malaysia Derivatives Exchange.

Besides a small fee, the Group is required to place margin deposit for these outstanding contracts.

B11. Material litigation

- (a) There is no change in the status of the application made by PPB's 70% indirect subsidiary company, Suburmas Plantations Sdn Bhd, to refer its claim of RM77.3 million for 2,176 hectares of land compulsorily acquired by the Sarawak State Government to the High court for settlement .
- (b) As previously reported, a suit was filed at the High Court of Sabah and Sarawak in Sandakan against the Sabah State Government challenging the alienation of land to two indirect subsidiary companies, Hibumas Sdn Bhd and Penumilek Sdn Bhd, who were named as the Second and Third Defendants respectively. The Court hearing has been postponed to 1 November 2004.

B12. Dividend

The Directors have recommended the payment of a Final Dividend of 16 sen per share comprising of 5 sen tax exempt and 11 sen less 28% income tax (2002 : 12.5 sen per share comprising 5 sen tax exempt and 7.5 sen less 28% income tax) payable on Friday, 28 May 2004 subject to approval of shareholders at the Annual General Meeting to be held on Friday, 14 May 2004.

Together with the interim dividend of 9 sen per share comprising 4 sen tax exempt and 5 sen less 28% income tax paid on 26 September 2003, the total dividend paid and payable to-date for the financial year ended 31 December 2003 is 25 sen per share comprising of 9 sen tax exempt and 16 sen less 28% income tax (2002 : 46.5 sen per share comprising 34 sen tax exempt and 12.5 sen less 28% income tax).

Dividend payment/entitlement date

Notice is hereby given that the final dividend will be payable on Friday, 28 May 2004 to shareholders whose names appear in the Record of Depositors on Friday, 21 May 2004.

A Depositor shall qualify for entitlement only in respect of :-

- (i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 21 May 2004 in respect of ordinary transfers,
- (ii) Shares bought on the Malaysia Securities Exchange Berhad ("MSEB") on a cum entitlement basis according to the Rules of the MSEB.

Dividends Paid / Declared

Dividends paid and declared for financial year 2002 and up to the date of this report :

Financial Year	Type	Rate	Payment Date
2002	Interim dividend	4 sen tax exempt & 5 sen less 28% income tax	19 September 2002
2002	Special dividend	25 sen tax exempt	16 December 2002
2002	Final dividend	5 sen tax exempt & 7.5 sen less 28% income tax	29 May 2003
2003	Interim dividend	4 sen tax exempt & 5 sen less 28% income tax	26 September 2003
2003	Proposed Final dividend	5 sen tax exempt & 11 sen less 28% income tax	28 May 2004

B13. Earnings per Share

The basic earnings per share has been calculated by dividing the Group's net profit for each period by the 490,623,124 ordinary shares of PPB in issue during the period.

The diluted earnings per share has been calculated by dividing the Group's net profit for each period, adjusted for the after tax effect on income that would result from the conversion of ordinary shares under options granted by a subsidiary company, PPB Oil Palms Berhad, pursuant to its ESOS, by the 490,623,124 ordinary shares of PPB in issue during the period.

There is no diluted earnings per share for the financial year ended 31 December 2003 as the above options have expired during the year.

	INDIVIDUAL QUARTER 3 months ended 31 DECEMBER 2002 RM'000	CUMULATIVE QUARTER 12 months ended 31 DECEMBER 2002 RM'000
Net profit for the period	78,076	242,996
Group's share of the effect of potential dilution in PPB Oil Palms Berhad's net profit for the period	(445)	(767)
Adjusted net profit for the period	<u>77,631</u>	<u>242,229</u>

Kuala Lumpur
27 February 2004

By Order of the Board
Tan Teong Boon
Company Secretary

15 october

PPB's 54.2% indirect subsidiary, Golden Screen Cinemas Sdn Bhd (GSC), acquired 100% equity interest in a newly incorporated company, Glitters Café Sdn Bhd (Glitters). Glitters is involved in the restaurant and merchandising business.

07 november

PPB requested for a suspension in trading of PPB shares on the Main Board of Malaysia Securities Exchange Berhad on 10 November 2003 pending an announcement of a material corporate exercise.

07 november

Kerry Utilities Limited, PPB's 50% indirect subsidiary, subscribed for RMB21.42 million representing 51% of the registered capital of Beijing Kerry Veolia Waste Water Treatment Company Limited (BKV). BKV together with Beijing Drainage Group Co. Ltd will fund the Lugouqiao Sewage Treatment Plant Project in Beijing, China.

10 november

PPB's Board announced its intention to privatize its 54.23% subsidiary, FFM Berhad (FFM), by acquiring the remaining shares in FFM not already owned by PPB by way of an FFM members' scheme of arrangement under Section 176 of the Companies Act, 1965.

21 november

Release of the 3rd Quarter Report for the period ended 30 September 2003.