# ADDITIONAL COMPLIANCE INFORMATION

The following additional information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad :-

## 1. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors of PPB and its subsidiaries ("PPB Group") during the financial year ended 31 December 2012 were as follows :-

| Name of Auditor | Fees (RM) | Purpose |
|---|---|---|
| Mazars | 6,000 | Review of statement on risk management and internal control |
| Mazars | 14,416 | Revenue certification |
| Mazars Taxation Services Sdn Bhd | 211,434 | Tax advisory services |

## 2. SANCTIONS AND/OR PENALTIES

The amount of penalties imposed on a PPB subsidiary during the financial year ended 31 December 2012 was as follows :-

| Subsidiary | Amount of penalty (RM) | |
|---|---|---|
| CWM Group Sdn Bhd | 30,455 | Penalty on additional assessment in respect of the Year of Assessment 2009 |

## 3. MATERIAL CONTRACTS

There was no material contract entered into by PPB Group involving its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The actual values of RRPTs entered into by PPB Group with PGEO Group Sdn Bhd ("PGSB") and its connected persons during the financial year ended 31 December 2012 pursuant to the shareholders' mandate obtained at the 43rd Annual General Meeting are as follows :-

| Nature of transactions undertaken by PPB and/or its subsidiaries | Transacting party | Year 2012 Actual RM'000 | Nature of relationship with PGSB |
|---|---|---|---|
| Purchase of cooking oil, soyabean, doughfat, crude palm oil and soyabean meal from PGSB Group | | | |
| FFM* Group | PGSB Group | 140,909 | PGSB is a major shareholder of FFM. |
| Sale of polypropylene woven bags and flexible intermediate bulk containers to PGSB Group | | | |
| Tego Sdn Bhd | PGSB Group | 2,533 | PGSB is a major shareholder of FFM. |
| Rental of land and buildings and provision of related services (viz canteen rental, elevation services and security services) to/from PGEO | | | |
| FFM Group | PGEO Edible Oils Sdn Bhd ("PGEO") | 4,113 | PGEO is a wholly-owned subsidiary of PGSB. |
| Purchase of crude palm oil from Sapi | | | |
| FFM (Sabah) Sdn Bhd | Sapi Plantations Sdn Bhd ("Sapi") | 3,207 | Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected to PGSB. |
| Charter hire of vessels from RSI | | | |
| FFM Group | Raffles Shipping International Pte Ltd ("RSI") | 80,311 | RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected to PGSB. |
| Sale of flour and pollard to Wilmar Group | | | |
| FFM Group | Wilmar Group | 4,948 | Wilmar is a person connected to PGSB. |

*FFM is an 80%-subsidiary of PPB.

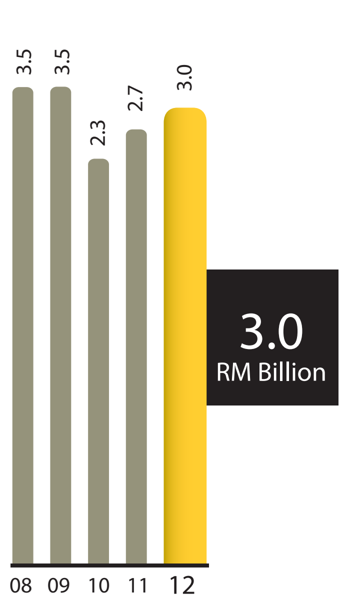
# PASSION

Exceeding expectations and delivering excellence.

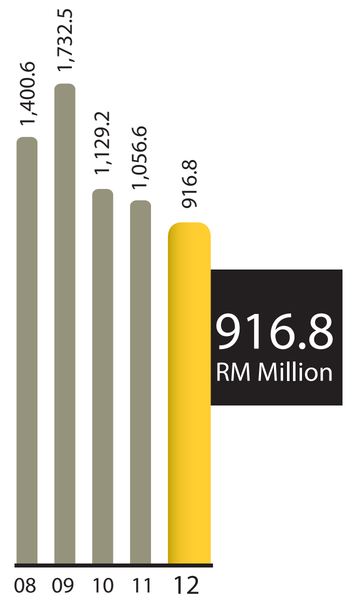
# 02 THE FINANCIALS

# **5-YEAR GROUP**
# FINANCIAL STATISTICS

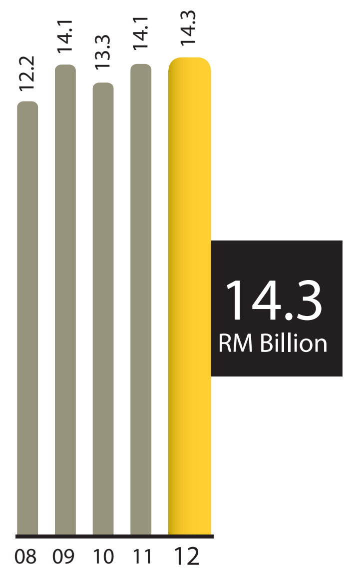
| Year Ended 31 December | | 2008 | 2009 | 2010 | 2011 | **2012** |
|---|---|---|---|---|---|---|
| Revenue | *RM Million* | 3,527.026 | 3,460.744 | 2,274.155 | 2,710.539 | **3,017.926** |
| Share of net profits less losses of associates | *RM Million* | 937.942 | 1,231.922 | 772.053 | 814.620 | **712.545** |
| Profit before tax | *RM Million* | 1,400.642 | 1,732.477 | 1,129.233 | 1,056.580 | **916.814** |
| Profit for the year | *RM Million* | 1,293.424 | 1,629.039 | 1,909.226 | 1,012.508 | **868.197** |
| Net dividend for the year | *RM Million* | 816.572 | 865.415 | 1,043.240 | 272.665 | **237.100** |
| Issued share capital | *RM Million* | 1,185.500 | 1,185.500 | 1,185.500 | 1,185.500 | **1,185.500** |
| Equity attributable to owners of the parent | *RM Million* | 12,232.791 | 14,086.542 | 13,277.223 | 14,061.611 | **14,271.375** |
| Total equity and liabilities | *RM Million* | 13,216.245 | 15,066.960 | 13,935.463 | 15,199.156 | **15,579.349** |
| Earnings per share | *Sen* | 108.52 | 136.31 | 159.00 | 82.70 | **71.04** |
| FTSE Bursa KLCI Quotes | | | | | | |
| Year high | *RM* | 12.20 | 16.18 | 19.58 | 18.00 | **17.98** |
| Year low | *RM* | 6.85 | 9.30 | 15.04 | 15.16 | **11.16** |
| Year close | *RM* | 9.30 | 15.96 | 17.26 | 17.16 | **11.60** |
| No. of shareholders | | 10,540 | 9,828 | 10,135 | 9,537 | **11,817** |



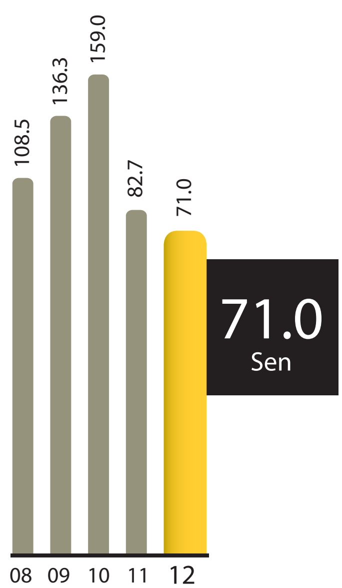

Revenue



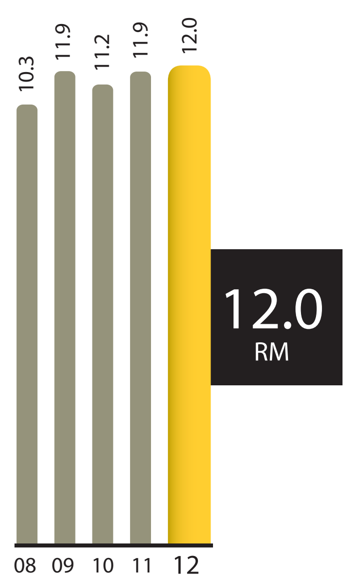

Profit Before Tax



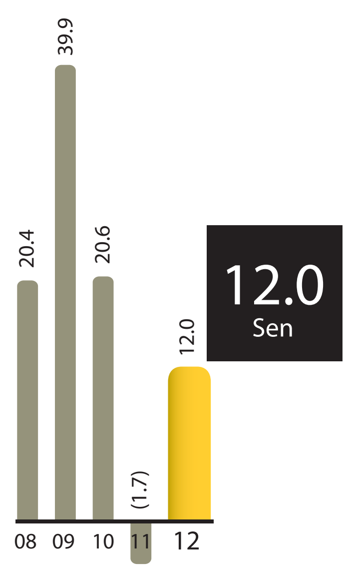

Equity Attributable To Owners Of The Parent




Earnings Per Share




Net Assets Per Share Attributable To Owners Of The Parent

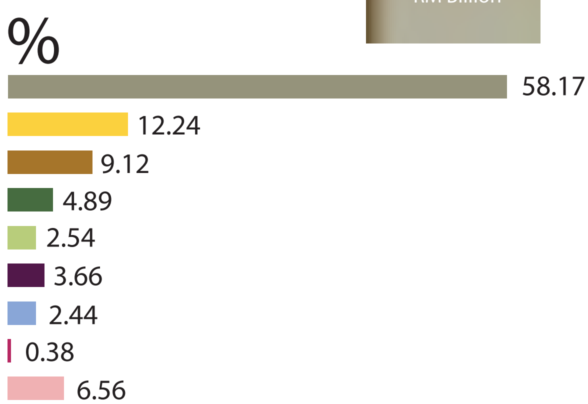



Operating Cash Flow Per Share

# SEGMENTAL
ANALYSIS

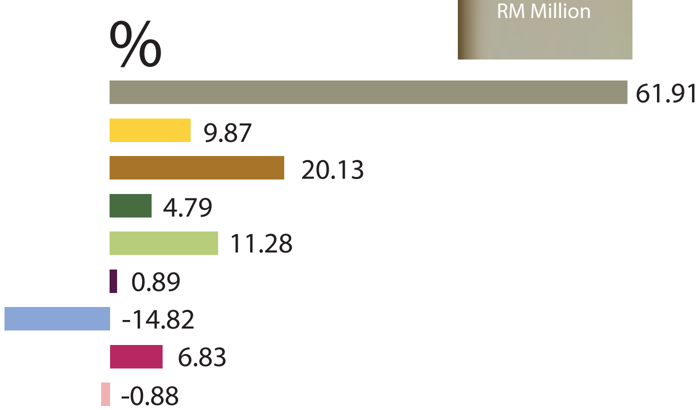
## Revenue

3.018
RM Billion




## Profits

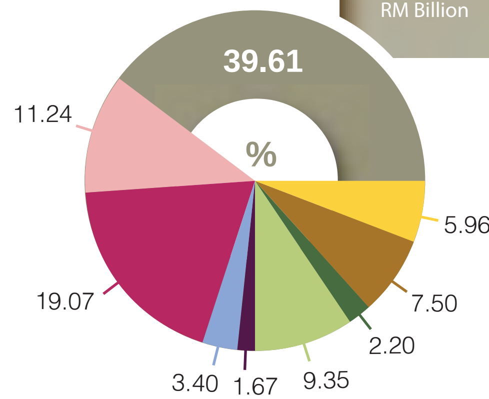
198.0
RM Million




- Grains trading, flour & feed milling
- Marketing, distribution & manufacturing of consumer products
- Film exhibition & distribution
- Environmental engineering, waste management & utilities
- Property investment & development
- Chemicals trading & manufacturing
- Livestock farming
- Investments in equities
- Other operations

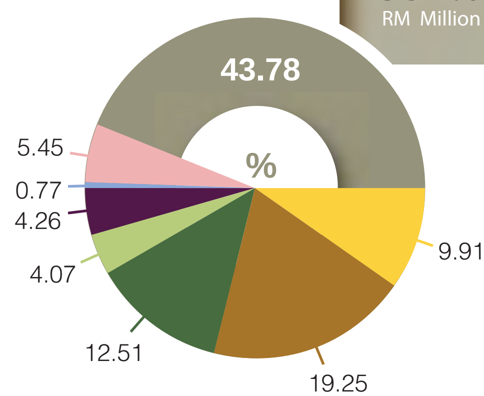
## Assets

3.238
RM Billion



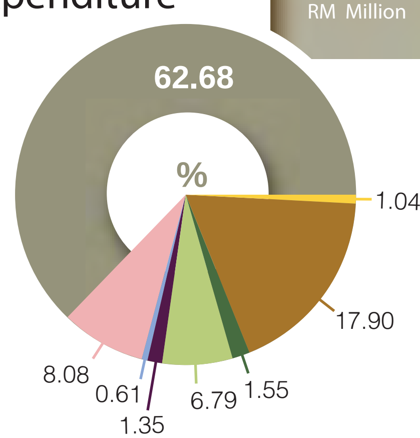

## Liabilities

351.0
RM Million




## Capital Expenditure

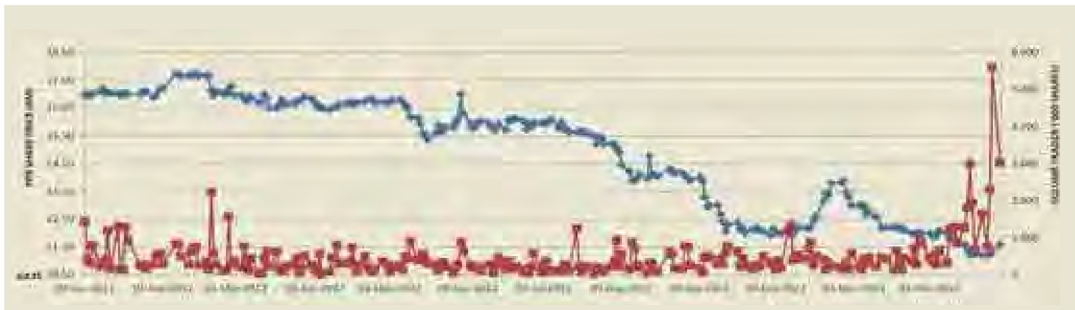
194.9
RM Million



# INFORMATION ON FTSE BURSA MALAYSIA KUALA LUMPUR COMPOSITE INDEX (FBM KLCI) AND PPB'S SHARE PRICE

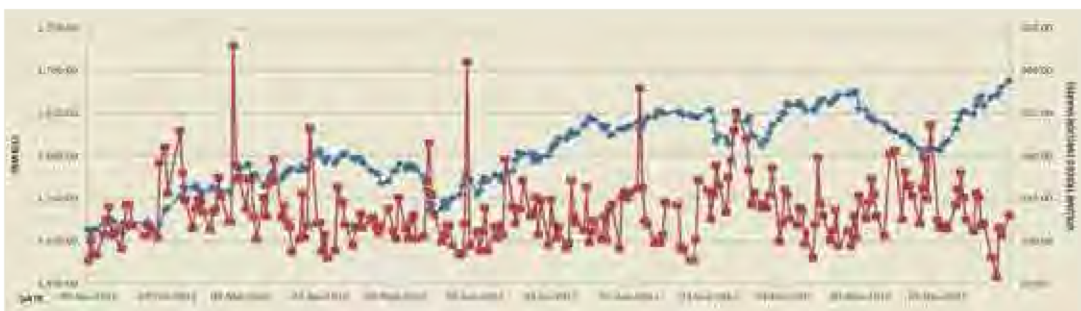
PPB SHARE PRICE & VOLUME TRADED FOR YEAR 2012

PPB Close (last traded)
Volume (last traded)



FBM KLCI AND VOLUME TRADED FOR YEAR 2012

FBM KLCI
Volume (last traded)



| PPB Share (Closing Price) | 2012 RM | 2011 RM | Change % |
|---|---|---|---|
| Year High | 17.72 | 17.96 | (1.34) |
| Year Low | 11.18 | 15.76 | (29.06) |
| Year Close | 11.60 | 17.16 | (32.40) |
| Market Capitalisation | 13.752 billion | 20.343 billion | (32.40) |

# **SHARE** PERFORMANCE

Despite uncertainties surrounding the global economic outlook, the domestic equity market remained resilient. The FBM KLCI closed 10.3% higher in 2012 (2011 : 0.8%) at 1,689 points. The positive performance was driven by the favourable outlook for the domestic economy and demand from non-residents, despite there being several episodes of temporary withdrawals by non-residents following heightened global risk aversion.

The FBM KLCI, in tandem with other regional markets, increased in the first quarter of the year following improved market sentiments arising from positive developments in the European sovereign debt crisis and further easing by central banks in the advanced economies. Moreover, significant progress of the ETP projects, especially with the commencement of construction work for the Mass Rapid Transit (MRT) project, contributed to the improvement in investors' confidence, giving rise to more buying interest in the domestic equity market. The upward trend in the index, however, was interrupted in the subsequent quarter amid renewed uncertainty over the faltering global growth, leading to reduced holdings of local equities by non-residents and higher volatility of the FBM KLCI returns.

In the second half of 2012, domestic equity prices recovered strongly and reached historical highs as global uncertainties subsided and positive domestic fundamentals supported the equity market performance. Expectations for further stimulus measures in the advanced economies, reinforced by better-than-expected performance of the domestic economy in the second quarter of 2012, improved market sentiments and kept the FBM KLCI on an upward trend. The performance of the domestic market also attracted buying interest from non-residents, with non-resident net purchases of equities averaging around RM1.3 billion per month in the second half of 2012. The index reached a new high of 1,675.7 points on 1 November 2012 before retracting in response to profit-taking and growing worries over the US fiscal cliff. In December, the upward momentum of the index resumed, with the index ending the year at another new high of 1,689 points. This renewed surge reflected optimism surrounding the resolution for the US fiscal cliff issue and higher demand for blue-chips stocks.

*[Source: Bank Negara Malaysia, Annual Report 2012]*

PPB's share price closed lower at RM11.60 as compared with the closing price of RM17.16 in 2011 and accordingly, market capitalisation of PPB shares decreased to RM13.752 billion from RM20.343 billion.

## GROUP CASH FLOWS

Net cash generated from operating activities in 2012 was RM141.9 million compared with net cash used of RM19.9 million in 2011 mainly due to reduced inventory purchases during the year.

Net cash used in investing activities was RM86.0 million compared with net cash generated of RM44.6 million in 2011 mainly due to FFM Group's RM88.6 million investment in several flourmills in China and PPB Leisure Holdings Sdn Bhd's RM32.2 million acquisition of the remaining shares in Cathay Screen Cinemas Sdn Bhd. During the year, the Group received lower dividends from its associates of RM154.9 million compared with RM170.9 million in 2011.

The net cash used in financing activities of RM136.7 million was mainly for dividend payments of RM237.1 million to the Group's shareholders. In 2012, the Group utilised RM85.7 million of revolving credit, banker's acceptance and short-term loan facilities, and RM45.8 million of long-term loan facilities.

## GROUP BANK BORROWINGS

As at 31 December 2012, the Group's borrowings were higher at RM373.8 million compared with RM257.9 million in 2011, of which 73% amounting to RM273.3 million were bills payable and trade facilities. The balance 27% amounting to RM100.5 million was made up of :-

a. Current portion of long-term loans, revolving credits, overdraft and hire purchase liabilities totaling RM15.3 million, repayable within 12 months; and

b. Long-term bank loans and hire purchase liabilities totaling RM85.2 million, repayable within 6 years.

Most of the Group's borrowings were unsecured and based on floating rates of interest ranging from 2.35% to 7.60% per annum. The Group's exposure to foreign currency borrowings was RM231.3 million of which about 98% was USD-denominated.

## GROUP CAPITAL EXPENDITURE

Total capital expenditure incurred during the year amounted to RM196.9 million and the major items were as follows :-

- FFM Group spent RM90.4 million on the expansion of its new flourmill in Indonesia; RM7.6 million on new bread trucks and other bread distribution related assets; RM4.9 million on a new flourmill in Quang Ninh, Vietnam; RM4.6 million on purchase of motor vehicles; RM3.1 million to upgrade its flourmill facilities in Vung Tau, Vietnam; and RM3.1 million on pollard storage warehouse expansion in Malaysia.

- PPB Leisure Group spent RM28.3 million on the outfitting of new cinemas at Amanjaya Sungai Petani, Mentakab Star Mall, Setia City Mall and Paradigm Mall; and RM5.6 million to purchase 2D projectors, replace cinema equipment, furniture and fittings and computer systems.

- Chemquest Group spent RM5.3 million on purchase of machinery, waste equipment, motor vehicles and office renovations; and RM1.4 million on a new warehouse in Shah Alam.

- PPB Property Division spent RM8.8 million and RM3.3 million respectively to refurbish the retail space and upgrade the air-conditioning chiller system in Cheras LeisureMall.

# DIRECTORS' RESPONSIBILITY STATEMENT

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year in accordance with the applicable Financial Reporting Standards in Malaysia, the provisions of the Companies Act 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31 December 2012 set out on pages 70 to 175 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are fair and reasonable.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 29 March 2013.

The Directors are pleased to submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

**PRINCIPAL ACTIVITIES**

The Company was engaged in property investment and investment holding during the financial year.

The principal activities of the subsidiaries during the financial year were grains trading, flour and animal feed milling; marketing, distribution and manufacturing of consumer products; film exhibition and distribution; environmental engineering, waste management and utilities; property investment and development; chemicals trading and manufacturing; livestock farming; investments in equities; packaging; bakery; and shipping.

There have been no significant changes in the nature of these activities during the financial year.

**RESULTS**

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the year | 868,197 | 376,578 |
| Attributable to: | | |
| Owners of the parent | 842,152 | 376,578 |
| Non-controlling interests | 26,045 | - |
| | 868,197 | 376,578 |

**DIVIDENDS**

The dividends paid by the Company since the end of the previous financial year were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 31 December 2011 as disclosed in the Directors' report of that year: | |
| Final single tier dividend of 13 sen per share paid on 15 June 2012 | 154,115 |
| In respect of the financial year ended 31 December 2012: | |
| Interim single tier dividend of 7 sen per share paid on 28 September 2012 | 82,985 |
| | 237,100 |

The Directors have recommended a final single tier dividend of 13 sen per share in respect of the financial year ended 31 December 2012 for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

Together with the interim single tier dividend already paid, the total dividends paid and proposed for the financial year ended 31 December 2012 would be 20 sen per share.

**RESERVES AND PROVISIONS**

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the consolidated statement of changes in equity on pages 74 and 75.

**SHARES AND DEBENTURES**

There were no changes in the issued and paid-up capital of the Company during the financial year.

The Company did not issue any debentures during the financial year.

**DIRECTORS**

The Board of Directors since the date of the last report are as follows:

| | |
|---|---|
| Datuk Oh Siew Nam | *(Chairman)* |
| Lim Soon Huat | *(Managing Director)* |
| YM Raja Dato' Seri Abdul Aziz bin Raja Salim | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | |
| Ong Hung Hock | *(Appointed on 1 July 2012)* |
| Soh Chin Teck | *(Appointed on 8 October 2012)* |
| Tan Gee Sooi | *(Retired on 1 July 2012)* |
| Dato Sri Liang Kim Bang | *(Passed away on 23 August 2012)* |

In accordance with Article 107 of the Company's Articles of Association ("Articles"), Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid retires by rotation at the forthcoming AGM and being eligible, offers himself for re-election.

Messrs Ong Hung Hock and Soh Chin Teck who were appointed Directors during the year retire at the forthcoming AGM in accordance with Article 88 of the Articles and being eligible, offer themselves for election as Directors.

Datuk Oh Siew Nam, being over seventy years of age, retires in accordance with Section 129 of the Companies Act 1965 (the "Act") at the forthcoming AGM and offers himself for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the following AGM.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim, who is over seventy years of age, retires in accordance with Section 129 of the Act at the forthcoming AGM, and has decided not to seek re-appointment.

**DIRECTORS' INTERESTS IN SHARES**

According to the register of Directors' shareholdings, the interests of Directors who held office at the end of the financial year in shares of the Company and its related corporations were as follows:

**Interest in the Company**

| | ***No. of ordinary shares of RM1 each registered in the name of Director*** | | | |
|---|---|---|---|---|
| **Name of Director** | **As at 1.1.12** | **Bought** | **Sold** | **As at 31.12.12** |
| Datuk Oh Siew Nam | 120,666 | - | - | 120,666 |

| | ***No. of ordinary shares of RM1 each in which the Director is deemed to have interest*** | | | |
|---|---|---|---|---|
| **Name of Director** | **As at 1.1.12** | **Bought** | **Sold** | **As at 31.12.12** |
| Datuk Oh Siew Nam | 1,204,498 | - | - | 1,204,498 |

**Interest in subsidiary – Tego Sdn Bhd**

| | *No. of ordinary shares of RM1 each in which the Director is deemed to have interest* | | | |
|---|---|---|---|---|
| **Name of Director** | **As at 1.1.12** | **Bought** | **Sold** | **As at 31.12.12** |
| Datuk Oh Siew Nam | 18,000 | - | - | 18,000 |

**Interest in holding company – Kuok Brothers Sdn Berhad**

| | *No. of ordinary shares of RM1 each registered in the name of Director* | | | |
|---|---|---|---|---|
| **Name of Director** | **As at date of appointment** | **Bought** | **Sold** | **As at 31.12.12** |
| Ong Hung Hock | 90,000 | - | - | 90,000 |

| | *No. of ordinary shares of RM1 each in which the Director is deemed to have interest* | | | |
|---|---|---|---|---|
| **Name of Director** | **As at 1.1.12** | **Bought** | **Sold** | **As at 31.12.12** |
| Datuk Oh Siew Nam | 4,966,667 | - | - | 4,966,667 |

**Interest in subsidiary of holding company – Coralbid (M) Sdn Bhd**

| | *No. of ordinary shares of RM1 each in which the Director is deemed to have interest* | | | |
|---|---|---|---|---|
| **Name of Director** | **As at 1.1.12** | **Bought** | **Sold** | **As at 31.12.12** |
| Datuk Oh Siew Nam | 100,000 | - | - | 100,000 |

The other Directors holding office at 31 December 2012 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

**DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS**

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Company was a party whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965.

**INFORMATION ON THE FINANCIAL STATEMENTS**

(a) Before the Group's and the Company's income statement and statement of financial position were prepared, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

    (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

    (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability which has arisen in the Group or in the Company since the end of the financial year except as disclosed in note 47.

**OTHER STATUTORY INFORMATION**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made; and

(c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**SIGNIFICANT EVENTS DURING THE YEAR**

During the year, Waikari Sdn Bhd, an 80%-owned indirect subsidiary of the Company, entered into the respective agreements for the proposed acquisition of 20% equity interest in the following entities:

1. Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd; and
2. Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd.

Both the above acquisitions have been completed.

**ULTIMATE HOLDING COMPANY**

The Directors regard Kuok Brothers Sdn Berhad, a company incorporated in Malaysia, as the ultimate holding company.

**AUDITORS**

The auditors, Mazars, have indicated their willingness to continue in office.

On behalf of the Board

DATUK OH SIEW NAM
Chairman

SOH CHIN TECK
Director

Kuala Lumpur
29 March 2013

# BRAND

Building goodwill and trust through quality and choice.

# 03 FINANCIAL STATEMENTS

## **CONSOLIDATED** INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| Revenue | *3* | **3,017,926** | 2,710,539 |
| Cost of sales | *4* | **(2,564,581)** | (2,308,447) |
| Gross profit | | **453,345** | 402,092 |
| Other income | | **71,697** | 98,839 |
| Distribution costs | | **(132,683)** | (96,500) |
| Administrative expenses | | **(131,264)** | (119,614) |
| Other expenses | | **(52,482)** | (41,613) |
| Share of net profits less losses of associates | | **712,545** | 814,620 |
| Share of profits of jointly controlled entity | | **4,211** | 4,564 |
| Finance costs | *5* | **(8,555)** | (5,808) |
| Profit before tax | *6* | **916,814** | 1,056,580 |
| Income tax expense | *7* | **(48,617)** | (44,072) |
| Profit for the year | | **868,197** | 1,012,508 |
| Attributable to: | | | |
| Owners of the parent | | **842,152** | 980,372 |
| Non-controlling interests | | **26,045** | 32,136 |
| | | **868,197** | 1,012,508 |
| Basic earnings per share attributable to owners of the parent (sen) | *8* | **71.0** | 82.7 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012<br>RM'000 | 2011<br>RM'000 |
|---|---|---|
| Profit for the year | **868,197** | 1,012,508 |
| Other comprehensive income/(loss), net of tax | | |
| Exchange differences on translation of foreign operations arising during the year | **(396,768)** | 283,305 |
| Fair value of available-for-sale financial assets: | | |
| - Gains/(Losses) arising during the year | **32,039** | (351,625) |
| - Reclassification adjustments to profit or loss upon disposal | **(67)** | (857) |
| Share of associates' other comprehensive (loss)/income | **(19,215)** | 104,953 |
| Total comprehensive income | **484,186** | 1,048,284 |
| Attributable to: | | |
| Owners of the parent | **463,560** | 1,012,315 |
| Non-controlling interests | **20,626** | 35,969 |
| | **484,186** | 1,048,284 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

# **CONSOLIDATED STATEMENT** OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **1,095,882** | 1,017,844 |
| Investment properties | 10 | **222,224** | 214,695 |
| Biological assets | 11 | **2,760** | 2,600 |
| Land held for property development | 12 | **13,732** | 11,870 |
| Goodwill | 13 | **74,615** | 74,617 |
| Other intangible assets | 14 | **2,026** | 1,398 |
| Investments in associates | 16 | **11,293,797** | 11,040,554 |
| Investment in jointly controlled entity | 17 | **51,728** | 51,669 |
| Other investments | 18 | **617,709** | 598,567 |
| Deferred tax assets | 19 | **5,918** | 7,557 |
| **Total non-current assets** | | **13,380,391** | 13,021,371 |
| **Current assets** | | | |
| Inventories | 21 | **476,227** | 474,159 |
| Biological assets | 11 | **14,268** | 16,860 |
| Other intangible assets | 14 | **11,636** | 12,013 |
| Property development costs | 22 | **29,338** | 43,736 |
| Gross amount due from customers | 23 | **28,715** | 21,890 |
| Trade receivables | 24 | **415,278** | 341,888 |
| Other receivables, deposits and prepayments | | **108,023** | 69,762 |
| Amounts due from associates | 25 | **27,962** | 26,462 |
| Derivative financial assets | 26 | **7,195** | 2,696 |
| Current tax assets | | **21,223** | 24,391 |
| Deposits | 27 | **956,651** | 1,048,645 |
| Cash and bank balances | 28 | **93,433** | 85,877 |
| | | **2,189,949** | 2,168,379 |
| Non-current assets classified as held for sale | 29 | **9,009** | 9,406 |
| **Total current assets** | | **2,198,958** | 2,177,785 |
| **TOTAL ASSETS** | | **15,579,349** | 15,199,156 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 30 | **1,185,500** | 1,185,500 |
| Share premium | | **6,715** | 6,715 |
| Other non-distributable reserves | 31 | **(408,806)** | (41,978) |
| Retained earnings | | **13,487,966** | 12,911,374 |
| **Equity attributable to owners of the parent** | | **14,271,375** | 14,061,611 |
| **Non-controlling interests** | | **493,996** | 503,515 |
| **Total equity** | | **14,765,371** | 14,565,126 |
| **Non-current liabilities** | | | |
| Long-term bank borrowings | 32 | **85,212** | 44,727 |
| Hire purchase liabilities | 33 | **12** | 26 |
| Deferred tax liabilities | 34 | **70,923** | 79,800 |
| **Total non-current liabilities** | | **156,147** | 124,553 |
| **Current liabilities** | | | |
| Gross amount due to customers | 23 | **15,013** | 17,386 |
| Trade payables | 35 | **160,281** | 137,068 |
| Other payables and accruals | 36 | **143,470** | 132,705 |
| Amounts due to associates | 25 | **802** | 822 |
| Derivative financial liabilities | 26 | **35,475** | 4,264 |
| Hire purchase liabilities | 33 | **14** | 14 |
| Short-term borrowings | 37 | **288,206** | 211,537 |
| Bank overdrafts | 38 | **390** | 1,599 |
| Current tax liabilities | | **14,180** | 4,082 |
| **Total current liabilities** | | **657,831** | 509,477 |
| **Total liabilities** | | **813,978** | 634,030 |
| **TOTAL EQUITY AND LIABILITIES** | | **15,579,349** | 15,199,156 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

# **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Translation Reserve RM'000 |
|---|---|---|---|---|---|
| | | ← Attributable to owners of the parent | | | |
| | | | ← Non-distributable | | |
| **At 1 January 2011** | | 1,185,500 | 6,715 | 61,398 | (951,273) |
| Other comprehensive income | | - | - | - | 321,272 |
| Profit for the year | | - | - | - | - |
| Total comprehensive income | | - | - | - | 321,272 |
| Changes in equity interest in a subsidiary | *39* | - | - | - | - |
| Changes in equity interest in an associate | *39* | - | - | - | (157) |
| Transfer of reserves | *40* | - | - | (456) | - |
| Dividends paid to shareholders of the Company | *41* | - | - | - | - |
| Dividends paid to non-controlling interests of subsidiaries | | - | - | - | - |
| Acquisition of additional shares in an existing subsidiary | *42(b)* | - | - | - | - |
| Issue of shares to non-controlling interests | | - | - | - | - |
| **At 31 December 2011** | | 1,185,500 | 6,715 | 60,942 | (630,158) |
| Other comprehensive income | | - | - | - | (322,380) |
| Profit for the year | | - | - | - | - |
| Total comprehensive income | | - | - | - | (322,380) |
| Changes in equity interest in an associate | *39* | - | - | - | - |
| Transfer of reserves | *40* | - | - | (410) | - |
| Dividends paid to shareholders of the Company | *41* | - | - | - | - |
| Dividends paid to non-controlling interests of subsidiaries | | - | - | - | - |
| Acquisition of additional shares in an existing subsidiary | *42(b)* | - | - | - | - |
| Issue of shares to non-controlling interests | | - | - | - | - |
| **At 31 December 2012** | | **1,185,500** | **6,715** | **60,532** | **(952,538)** |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

| Fair Value Reserve RM'000 | Hedge Reserve RM'000 | Capital Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|
| 518,837 | (31,191) | 305,313 | 12,181,924 | 13,277,223 | 203,660 | 13,480,883 |
| (352,518) | 63,215 | (26) | - | 31,943 | 3,833 | 35,776 |
| - | - | - | 980,372 | 980,372 | 32,136 | 1,012,508 |
| (352,518) | 63,215 | (26) | 980,372 | 1,012,315 | 35,969 | 1,048,284 |
| - | - | - | 101,701 | 101,701 | 276,418 | 378,119 |
| - | 17 | 1,657 | 2,473 | 3,990 | - | 3,990 |
| - | - | 21,934 | (21,478) | - | - | - |
| - | - | - | (331,940) | (331,940) | - | (331,940) |
| - | - | - | - | - | (12,657) | (12,657) |
| - | - | - | (1,678) | (1,678) | (471) | (2,149) |
| - | - | - | - | - | 596 | 596 |
| 166,319 | 32,041 | 328,878 | 12,911,374 | 14,061,611 | 503,515 | 14,565,126 |
| 31,873 | 4,003 | (92,088) | - | (378,592) | (5,419) | (384,011) |
| - | - | - | 842,152 | 842,152 | 26,045 | 868,197 |
| 31,873 | 4,003 | (92,088) | 842,152 | 463,560 | 20,626 | 484,186 |
| - | - | - | 8,447 | 8,447 | - | 8,447 |
| - | - | 12,174 | (11,764) | - | - | - |
| - | - | - | (237,100) | (237,100) | - | (237,100) |
| - | - | - | - | - | (27,585) | (27,585) |
| - | - | - | (25,143) | (25,143) | (7,068) | (32,211) |
| - | - | - | - | - | 4,508 | 4,508 |
| **198,192** | **36,044** | **248,964** | **13,487,966** | **14,271,375** | **493,996** | **14,765,371** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **916,814** | 1,056,580 |
| **Adjustments for non-cash items:** | | |
| Amortisation and depreciation | **102,795** | 94,428 |
| Bad and doubtful debts | **212** | 4,417 |
| Property, plant and equipment, investment properties and other intangible assets written off | **607** | 455 |
| Land held for property development written off | **195** | - |
| Impairment of property, plant and equipment | **1,060** | - |
| Impairment of investment properties written back | **(44)** | (34) |
| Goodwill written off | **2** | 2 |
| Profit on disposal of property, plant and equipment and investment properties | **(831)** | (237) |
| Deficit arising from liquidation of an associate | **-** | 9 |
| Fair value (gain)/loss on financial assets at fair value through profit or loss | **(227)** | 10,520 |
| Gain on disposal of available-for-sale financial assets | **(66)** | (857) |
| (Gain)/Loss on disposal of financial assets at fair value through profit or loss | **(1,040)** | 1,617 |
| Share of net profits less losses of associates | **(712,545)** | (814,620) |
| Share of profits of jointly controlled entity | **(4,211)** | (4,564) |
| Inventories written down | **1,756** | 6,649 |
| Biological assets written down | **3,440** | - |
| Unrealised foreign exchange losses | **14,021** | 2,831 |
| Unrealised loss on fair value of derivative financial instruments | **12,819** | 1,353 |
| Loss on recognition of loans and receivables | **94** | - |
| Interest expense | **8,555** | 5,808 |
| Dividend income | **(11,934)** | (23,137) |
| Interest income | **(30,005)** | (31,855) |
| Rental income | **(3,975)** | (3,797) |
| **Operating profit before working capital changes** | **297,492** | 305,568 |
| **Adjustments for working capital changes:** | | |
| Land and development expenditure | **12,341** | (8,738) |
| Inventories, biological assets and other intangible assets | **(25,898)** | (185,266) |
| Gross amounts due from/to customers | **(9,198)** | 19,690 |
| Receivables | **(127,763)** | (87,908) |
| Payables | **43,369** | (1,825) |
| **Cash generated from operations** | **190,343** | 41,521 |
| Tax paid | **(48,469)** | (61,426) |
| **Net cash generated from/(used in) operating activities** | **141,874** | (19,905) |

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of shares in a new subsidiary | *42(a)* | - | (2) |
| Acquisition of additional equity interest in an existing subsidiary | *42(b)* | **(32,211)** | (2,149) |
| Surplus from liquidation of an associate | | - | 28 |
| Acquisition of equity interest in associates | | **(88,580)** | (7,662) |
| Advances to associates | | **(2,363)** | (2,350) |
| Purchase of other investments | | - | (29,656) |
| Proceeds from disposal of other investments | | **13,784** | 3,695 |
| Purchase of property, plant and equipment | *43* | **(166,213)** | (146,849) |
| Purchase of investment properties, biological assets and other intangible assets | | **(14,997)** | (4,731) |
| Proceeds from disposal of property, plant and equipment and investment properties | | **2,101** | 1,713 |
| Return of capital from jointly controlled entity | | **3,535** | 3,458 |
| Dividends received from associates | | **154,898** | 170,946 |
| Dividends received from other investments | | **11,860** | 22,778 |
| Interest received | | **28,213** | 31,610 |
| Rental received | | **3,975** | 3,797 |
| **Net cash (used in)/generated from investing activities** | | **(85,998)** | 44,626 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Shares issued to non-controlling interests of subsidiaries | | **4,508** | 378,715 |
| Revolving credits, banker's acceptance and short-term loans | | **85,705** | 133,017 |
| Bank term loans | | **45,843** | 7,248 |
| Payment of hire purchase liabilities | | **(14)** | (9) |
| Advances from a non-controlling interest of a subsidiary | | **2,038** | 15,987 |
| Interest paid | | **(10,104)** | (5,372) |
| Dividends paid to owners of the parent | | **(237,100)** | (331,940) |
| Dividends paid to non-controlling interests of subsidiaries | | **(27,585)** | (12,657) |
| **Net cash (used in)/generated from financing activities** | | **(136,709)** | 184,989 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(80,833)** | 209,710 |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | | **1,132,923** | 923,471 |
| **EFFECTS OF EXCHANGE RATE CHANGES** | | **(2,396)** | (258) |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | | **1,049,694** | 1,132,923 |
| **Represented by:** | | | |
| Cash and bank balances | | **93,433** | 85,877 |
| Deposits | | **956,651** | 1,048,645 |
| Bank overdrafts | | **(390)** | (1,599) |
| | | **1,049,694** | 1,132,923 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

# **INCOME** STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012<br>RM'000 | 2011<br>RM'000 |
|---|---|---|---|
| Revenue | *3* | **441,035** | 969,850 |
| Cost of sales | *4* | **(20,269)** | (6,528) |
| Gross profit | | **420,766** | 963,322 |
| Other income | | **18,988** | 22,333 |
| Administrative expenses | | **(22,068)** | (18,210) |
| Profit before tax | *6* | **417,686** | 967,445 |
| Income tax expense | *7* | **(41,108)** | (8,052) |
| Profit for the year | | **376,578** | 959,393 |

# **STATEMENT** OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012<br>RM'000 | 2011<br>RM'000 |
|---|---|---|
| Profit for the year | **376,578** | 959,393 |
| Other comprehensive income/(loss), net of tax | | |
| Fair value of available-for-sale financial assets: | | |
| - Gains/(Losses) arising during the year | **32,620** | (350,103) |
| - Reclassification adjustments to profit or loss upon disposal | **195** | (134) |
| Total comprehensive income | **409,393** | 609,156 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

AS AT 31 DECEMBER 2012

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **3,432** | 1,918 |
| Investment properties | 10 | **307,591** | 301,839 |
| Investments in subsidiaries | 15 | **1,417,267** | 1,417,269 |
| Investments in associates | 16 | **8,741,222** | 8,741,222 |
| Other investments | 18 | **591,988** | 559,562 |
| Amounts due from a subsidiary | 20 | **49,229** | 52,010 |
| **Total non-current assets** | | **11,110,729** | 11,073,820 |
| **Current assets** | | | |
| Trade receivables | 24 | **400** | 244 |
| Other receivables, deposits and prepayments | | **3,313** | 1,189 |
| Amounts due from subsidiaries | 20 | **5,153** | 4,458 |
| Amounts due from associates | 25 | **3,983** | 3,839 |
| Deposits | 27 | **605,155** | 468,320 |
| Cash and bank balances | 28 | **11,906** | 5,405 |
| | | **629,910** | 483,455 |
| Non-current assets classified as held for sale | 29 | **-** | 397 |
| **Total current assets** | | **629,910** | 483,852 |
| **TOTAL ASSETS** | | **11,740,639** | 11,557,672 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 30 | **1,185,500** | 1,185,500 |
| Share premium | | **6,715** | 6,715 |
| Fair value reserve | | **(137,132)** | (169,947) |
| Retained earnings | | **10,662,940** | 10,523,462 |
| **Total equity** | | **11,718,023** | 11,545,730 |
| **Non-current liability** | | | |
| Deferred tax liabilities | 34 | **2,584** | 2,631 |
| **Current liabilities** | | | |
| Other payables and accruals | 36 | **14,553** | 8,508 |
| Amounts due to subsidiaries | 20 | **5,153** | 153 |
| Bank overdrafts | 38 | **-** | 564 |
| Current tax liabilities | | **326** | 86 |
| **Total current liabilities** | | **20,032** | 9,311 |
| **Total liabilities** | | **22,616** | 11,942 |
| **TOTAL EQUITY AND LIABILITIES** | | **11,740,639** | 11,557,672 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

# **STATEMENT** OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

| | *Note* | Share Capital RM'000 | Share Premium RM'000 | Fair Value Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2011** | | 1,185,500 | 6,715 | 180,290 | 9,896,009 | 11,268,514 |
| Other comprehensive income | | - | - | (350,237) | - | (350,237) |
| Profit for the year | | - | - | - | 959,393 | 959,393 |
| Total comprehensive income | | - | - | (350,237) | 959,393 | 609,156 |
| Dividends | *41* | - | - | - | (331,940) | (331,940) |
| At 31 December 2011 | | 1,185,500 | 6,715 | (169,947) | 10,523,462 | 11,545,730 |
| Other comprehensive income | | - | - | 32,815 | - | 32,815 |
| Profit for the year | | - | - | - | 376,578 | 376,578 |
| Total comprehensive income | | - | - | 32,815 | 376,578 | 409,393 |
| Dividends | *41* | - | - | - | (237,100) | (237,100) |
| **At 31 December 2012** | | **1,185,500** | **6,715** | **(137,132)** | **10,662,940** | **11,718,023** |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **417,686** | 967,445 |
| **Adjustments for non-cash items:** | | | |
| Amortisation and depreciation | | **7,460** | 2,369 |
| Property, plant and equipment and investment properties written off | | **109** | 4 |
| Loss on strike-off of a subsidiary | | **1** | - |
| Profit on disposal of property, plant and equipment and investment property | | **(772)** | (291) |
| Bad and doubtful debts | | **32** | - |
| Loss/(Gain) on disposal of available-for-sale financial assets | | **195** | (134) |
| Unrealised foreign exchange gain | | **(4)** | (2) |
| (Gain)/Loss on recognition of loans and receivables | | **(558)** | 99 |
| Dividend income | | **(409,915)** | (959,978) |
| Interest income | | **(16,681)** | (21,221) |
| **Operating loss before working capital changes** | | **(2,447)** | (11,709) |
| **Adjustments for working capital changes:** | | | |
| Receivables | | **(693)** | 434 |
| Payables | | **6,113** | 1,857 |
| **Cash generated from/(used in) operations** | | **2,973** | (9,418) |
| Tax paid | | **(3,610)** | (3,379) |
| **Net cash used in operating activities** | | **(637)** | (12,797) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | *43* | **(2,201)** | (554) |
| Purchase of investment properties | | **(12,697)** | (239,806) |
| Proceeds from disposal of property, plant and equipment and investment properties | | **1,168** | 77,716 |
| Proceeds from disposal of a subsidiary | | **-** | 200 |
| Proceeds from sale of investments | | **191** | 10,147 |
| Acquisition of shares in an associate | | **-** | (11,735) |
| Purchase of other investments | | **-** | (28,607) |
| Subscription for rights issue of subsidiaries | | **-** | (86,793) |
| Repayment from subsidiaries | | **1,268** | 25,969 |
| Advance to an associate | | **-** | (25) |
| Dividends received from subsidiaries | | **213,000** | 530,639 |

| | 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Dividends received from associates | **148,854** | 156,655 |
| Dividends received from other investments | **10,755** | 20,935 |
| Interest received | **16,295** | 19,946 |
| **Net cash generated from investing activities** | **376,633** | 474,687 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Advances from subsidiaries | **5,000** | 150 |
| Dividends paid | **(237,100)** | (331,940) |
| **Net cash used in financing activities** | **(232,100)** | (331,790) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **143,896** | 130,100 |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | **473,161** | 343,059 |
| **EFFECTS OF EXCHANGE RATE CHANGES** | **4** | 2 |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | **617,061** | 473,161 |
| **Represented by:** | | |
| Cash and bank balances | **11,906** | 5,405 |
| Deposits | **605,155** | 468,320 |
| Bank overdrafts | **-** | (564) |
| | **617,061** | 473,161 |

*Notes to and forming part of the financial statements are set out on pages 83 to 175*

*Auditors' Report - Pages 179 to 181*

## 1. GENERAL

The Company is a public-listed company limited by way of shares incorporated in Malaysia under the Companies Act 1965. The Company is domiciled in Malaysia.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and with the provisions of the Companies Act 1965.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value, revalued amount and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

### 2.2 Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following revised FRS, Amendments to FRSs and Issues Committee Interpretations ("IC Interpretations"), effective from financial periods beginning on or after:

| | |
|---|---|
| *1 July 2011* | |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| | |
| *1 January 2012* | |
| FRS 124 | Related Party Disclosures (revised) |
| Amendments to FRS 7 | Disclosures – Transfers of Financial Assets |
| Amendments to FRS 112 | Deferred Tax: Recovery of Underlying Assets |

The adoption of the above revised FRS, Amendments to FRSs and IC Interpretations did not have significant financial impact on the Group and the Company.

2.3 Standards issued that are not yet effective

The Group and the Company have not applied the following new/revised FRSs, Amendments to FRSs and Improvements to FRSs that have been issued by MASB and relevant to their operations but are not yet effective:

| New/Revised FRSs, Amendments to FRSs and Improvements to FRSs | | Effective for financial periods beginning on or after |
|---|---|---|
| FRS 9 | Financial Instruments | 1 January 2015 |
| FRS 10 | Consolidated Financial Statements | 1 January 2013 |
| FRS 11 | Joint Arrangements | 1 January 2013 |
| FRS 12 | Disclosures of Interests in Other Entities | 1 January 2013 |
| FRS 13 | Fair Value Measurement | 1 January 2013 |
| FRS 119 | Employee Benefits (revised) | 1 January 2013 |
| FRS 127 | Separate Financial Statements | 1 January 2013 |
| FRS 128 | Investment in Associates and Joint Ventures | 1 January 2013 |
| Amendments to FRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to FRS 7 | Mandatory Effective Date of MFRS 9 and Transition Disclosures | 1 March 2012 |
| Amendments to FRS 9 | Mandatory Effective Date of MFRS 9 and Transition Disclosures | 1 March 2012 |
| Amendments to FRS 10, FRS 11 and FRS 12 | Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | 1 January 2013 |
| Amendments to FRS 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Improvements to FRSs (2012) | | 1 January 2013 |

The above new/revised FRSs, Amendments to FRSs and Improvements to FRSs are not expected to have any significant financial impact on the Group and the Company upon their initial application except for *FRS 9* discussed as follow:

*FRS 9 – Financial Instruments*

*FRS 9* addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of *FRS 139* that relate to the classification and measurement of financial instruments.

*FRS 9* requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the *FRS 139* requirements. The main change is in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group is yet to assess the full impact on adoption of *FRS 9*, and intends to adopt *FRS 9* no later than the accounting period beginning on or after 1 January 2015, subject to the adoption of the Malaysian Financial Reporting Standards framework as further explained below.

*Malaysian Financial Reporting Standards ("MFRS")*

On 19 November 2011, the MASB issued a new MASB-approved accounting framework, the MFRS. The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of *MFRS 141 Agriculture* ("MFRS 141") and *IC Interpretation 15 Agreements for Construction of Real Estate* ("IC 15"), including the entities' parent, significant investor and venturer (herein referred to as "Transitioning Entities"). Transitioning Entities are allowed to defer adoption of the new MFRS and continue to use the existing FRS framework. The adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS to 1 January 2014. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will quantify the financial effects of the differences between the current FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS.

Certain subsidiaries within the Group are required to prepare financial statements using the MFRS framework in their first MFRS financial statements for the year ended 31 December 2012. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the differences did not have significant impact to the financial statements of the Group.

2.4 Significant accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

*Classification of investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on *FRS 140 Investment Property* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production and supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

*Revenue recognition of property development activities and engineering contracts*

The Group recognises property development and engineering contracts revenue and expenses based on the percentage of completion method. The stage of completion of the property development activities and engineering contracts is measured in accordance with the accounting policies set out in notes 2.12 and 2.16.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these judgements, management relies on past experience and the work of specialists.

*Allowance for doubtful debts*

The collectibility of receivables is assessed on an on-going basis. An allowance for doubtful debts is made for any account considered to be doubtful of collection.

The allowance for doubtful debts is made based on a review of outstanding accounts as at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of the Group's and Company's trade receivables at the end of the reporting period are disclosed in notes 24 and 25.

*Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets at the end of the reporting period is disclosed in note 19.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

*Depreciation of property, plant and equipment and investment properties*

Property, plant and equipment and investment properties are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of these assets to be between 2 to 50 years for property, plant and equipment and between 10 to 50 years for investment properties, except for leasehold land which is over the remaining period of the lease.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges may be revised. The carrying amount of the Group's and Company's property, plant and equipment and investment properties at the end of the reporting period are disclosed in notes 9 and 10.

*Impairment loss and write down of inventories*

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional impairment losses for slow-moving inventories may be required. The carrying amount of the Group's inventories are disclosed in note 21.

*Impairment of goodwill*

The Group performs a goodwill impairment test annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill is disclosed in note 13.

*Impairment of investments in subsidiaries, associates and jointly controlled entities*

Investments in subsidiaries, associates and jointly controlled entities are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries, associates and jointly controlled entities and also choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's investments in subsidiaries, associates and jointly controlled entity at the end of the reporting period are disclosed in notes 15, 16 and 17.

2.5 Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Group has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is taken to the income statement.

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiaries are consolidated on the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities assumed and equity instruments issued at the date of exchange. Any consideration transferred is to be measured at fair value as of the acquisition date. Non-controlling interests that have present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. All the acquisition-related costs are expensed off to the income statement.

Goodwill on acquisition is measured as the difference between the aggregate of the fair value of the consideration transferred, any non-controlling interests in the acquiree and the fair value at the acquisition date of any previously held equity interest in the acquiree (if acquired via "piecemeal acquisition"), and the net identifiable assets acquired. Any bargain purchase (i.e. "negative goodwill") will be recognised directly in the income statement. Goodwill is accounted for in accordance with the accounting policy set out in note 2.22.1.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit position.

Change in ownership interest which does not result in a loss of control is accounted for within equity. Where the changes in ownership interest results in loss of control, any remaining interest in the former subsidiary is remeasured at fair value and a gain or loss is recognised in the income statement.

2.7 Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, unless the investment is classified as held for sale.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associate disposed of is taken to the income statement.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less any impairment losses, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of net profits or losses and changes recognised in the other comprehensive income of the associates are recognised in the consolidated income statement and consolidated statement of comprehensive income, respectively.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying value of the investment and is not reviewed for impairment separately. Instead, the entire carrying amount of the investment is reviewed for impairment in accordance with the accounting policy set out in note 2.22.1.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The results and reserves of associates are accounted for in the consolidated financial statements based on audited/unaudited financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

2.8 Jointly controlled entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in note 2.7.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses, unless the investment is classified as held for sale.

On disposal, the difference between the net disposal proceeds and the carrying amount of the jointly controlled entities disposed of is taken to the income statement.

2.9 Property, plant and equipment

<u>Measurement basis</u>

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is contracted as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

| | | | | |
|---|---|---|---|---|
| Land and buildings | 2% | - | 5% | or over the remaining period of lease |
| Plant, machinery and equipment | 5% | - | 50% | |
| Motor vehicles | 10% | - | 25% | |
| Furniture, fittings, office and other equipment | 5% | - | 50% | |
| Vessel | 25 years | | | |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.10 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

The principal annual rates used for this purpose are:

| | | |
|---|---|---|
| Freehold buildings | 2% | |
| Leasehold land and buildings | 2% - 10% | or over the remaining period of lease |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.11 Biological assets

Biological assets comprise primarily livestock and oil palms.

2.11.1 Livestock

Livestock comprises broilers, pullets and layers parent stock and hatchable eggs. Livestock is valued at the lower of amortised cost and net realisable value.

Cost includes the cost of the parent stock plus all attributable costs including overheads incurred in nursing the parent stock to the point of laying, and such cost is then amortised over its estimated economic life ranging from 21 days to 18 months. Accordingly, it is classified as a current asset.

Net realisable value is defined as the aggregate income expected to be generated from total day-old chicks and eggs to be produced and proceeds from the disposal of the ex-broiler parent stock less expenses expected to be incurred to maintain the parent stock up to its disposal.

2.11.2 Oil palms

The Group's plantation assets are mainly situated on freehold land. New planting and replanting expenditure incurred on land clearing and upkeep of palms up to the point of harvesting are capitalised and are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the oil palms to be 25 years. Accordingly, they are classified as non-current assets.

2.12 Development properties

Development properties are classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as a non-current asset on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development activity can be reasonably estimated, revenue and expenses are recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development activity cannot be reasonably estimated, revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed revenue, the foreseeable loss is immediately recognised in the income statement irrespective whether development work has commenced, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the income statement over billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the income statement is recognised as progress billings under current liabilities.

2.13 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the rights to use an asset for an agreed period of time.

2.13.1 Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

2.13.2 Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rental expenses are credited or charged to the income statement on a straight-line basis over the period of the lease.

2.14 Intangible assets

Intangible assets comprise primarily goodwill, computer software and film rights.

2.14.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

2.14.2 Computer software and film rights

Measurement basis

Computer software and film rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any.

Computer software and film rights are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Amortisation

Amortisation is calculated to write off the depreciable amount of computer software on a straight-line basis over its estimated useful life. The principal annual rate used is 25%.

Film rights are amortised based on the total revenue stream expected to be generated from the different titles and upon the exploitation of the rights.

The amortisation period and the amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.15 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

2.15.1 Initial recognition and measurement

A financial instrument is recognised in the financial statements when the Company or any of its subsidiaries becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2.15.2 Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets as set out below upon initial recognition.

*Regular way purchase or sale of financial assets*

A regular way purchase or sale is a purchase or sale of a financial asset under a contract which terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting. Settlement date accounting refers to:

(i) the recognition of an asset on the day it is received by the entity; and
(ii) derecognition of an asset and recognition of any gain or loss on the day that it is delivered by the entity.

*Financial assets at fair value through profit or loss*

This category includes financial assets held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. On initial recognition, these financial assets are measured at fair value.

The subsequent measurement of financial assets in this category is at fair value with changes in fair value recognised as gains or losses in the income statement.

*Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for those with maturities longer than 12 months after the reporting period, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from impairment and through the amortisation process of loans and receivables are recognised in the income statement.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

*Available-for-sale financial assets*

This category comprises investments in equity and debt securities that are not held for trading or designated at fair value through profit or loss.

The subsequent measurement of financial assets in this category is at fair value unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of an investment in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is recognised in the income statement. Interest calculated for a debt instrument using the effective interest method is recognised in the income statement.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment. See note 2.23.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in the income statement.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.15.3 Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

A financial liability or part of it is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

2.15.4 Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, commodity futures and options to hedge its risks associated with foreign currency and commodity price fluctuations.

On initial recognition, these derivative financial instruments are recognised at fair value on the date on which the derivative contracts are entered into, and are subsequently remeasured to their fair value at the end of each reporting period.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of commodities futures is determined by reference to current quoted market price for contracts with similar maturity profiles.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedge item or transaction, the hedging instrument, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected to offset the changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from other comprehensive income into profit or loss as a reclassification adjustment.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument has expired or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from other comprehensive income into profit or loss as a reclassification adjustment.

2.16 Engineering contracts

The Group's engineering contracts comprise substantially fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of an engineering contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

At the end of the reporting period, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on either the first-in-first-out basis, the weighted average basis or a specific identification method depending on the nature of the inventories. Cost comprises the landed cost of goods purchased, and in the case of work-in-progress and finished goods, includes an appropriate proportion of factory overheads.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated costs to completion.

2.18 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the assets (or disposal group) are available for immediate sale in their present condition and the sale is highly probable subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. Subsequent increase in fair value less costs to sell is recognised as a gain in the income statement to the extent of the cumulative impairment loss that has been recognised previously.

A component of the Group's business is classified as a discontinued operation when the operation has been disposed of or meets the criteria to be classified as held for sale, and such operation represents a separate major line of business or geographical area of operations.

2.19 Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

2.20 Income recognition

2.20.1 Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

2.20.2 Revenue from engineering contracts and the sale of development properties is recognised on the percentage of completion method, where the outcome of the contract can be reliably estimated.

Revenue from engineering contracts represents the proportionate contract value on engineering contracts attributable to the percentage of contract work performed during the financial year.

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

2.20.3 Revenue from box office collections, filmlet income, sale of film rights and film rental is recognised upon the exhibition of the cinematograph film or filmlet.

2.20.4 Dividend income is recognised when the right to receive payment is established.

2.20.5 Interest income is recognised on a time proportion basis.

2.20.6 Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

2.20.7 Net voyage income is recognised over the period of the voyage on a pro-rata basis.

2.21 Foreign currencies

2.21.1 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

2.21.2 Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recorded in the functional currency using the exchange rate ruling at the date of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the period.

Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss as a reclassification adjustment.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated using the exchange rates ruling at the date of the initial transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any corresponding exchange gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in the income statement.

2.21.3 Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are translated at exchange rates ruling at the date of acquisition.

Income and expense items are translated at exchange rates approximating those ruling on transaction dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the cumulative exchange translation reserves relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

2.22 Impairment of non-financial assets

2.22.1 Goodwill

Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

2.22.2 Property, plant and equipment, investment properties, biological assets, land held for property development, other intangible assets, and investments in subsidiaries, associates and jointly controlled entities

Property, plant and equipment, investment properties, biological assets, land held for property development, other intangible assets, and investments in subsidiaries, associates and jointly controlled entities are assessed at the end of each reporting period to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

2.23 Impairment of financial assets

All financial assets except for financial assets at fair value through profit or loss, are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

2.23.1 Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

2.23.2 Available-for-sale financial assets

An impairment loss is recognised in the income statement and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in equity is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

An impairment loss in respect of an unquoted equity instrument that is carried at cost is recognised in the income statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in the income statement for an investment in an equity instrument are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement.

2.24 Employee benefits

2.24.1 Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

2.24.2 Post-employment benefits

The Company and its Malaysian subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they are required to contribute to the EPF. The contributions to the EPF are charged to the income statement in the period to which they relate.

Some of the Company's foreign subsidiaries make contributions to their respective countries' statutory pension schemes which are recognised as an expense in the income statement as incurred.

2.24.3 Termination benefits

The Group recognises termination benefits payable as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal.

2.25 Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time to complete are capitalised into the carrying value of the assets. Capitalisation of borrowing costs ceases when development is completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to the income statement in the period in which they are incurred. The interest component of hire purchase payments is charged to the income statement over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase contract.

2.26 Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

(i) goodwill; or

(ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

2.27 Cash and cash equivalents

Cash and cash equivalents are cash in hand, short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

2.28 Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision-maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be reasonably allocated to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

## 3. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales of agricultural produce, food-based products and other goods | **2,468,052** | 2,200,616 | **-** | - |
| Contract revenue | **132,063** | 130,823 | **-** | - |
| Sale of development properties | **44,110** | 1,199 | **-** | - |
| Collections from cinema operations | **281,281** | 274,779 | **-** | - |
| Rental from leasing of investment properties | **34,660** | 33,910 | **31,120** | 9,872 |
| Waste management and other services rendered | **45,826** | 46,075 | **-** | - |
| Dividend income | **11,934** | 23,137 | **409,915** | 959,978 |
| | **3,017,926** | 2,710,539 | **441,035** | 969,850 |

Included in the rental from leasing of investment properties is contingent rental amounting to RM786,024 (2011: RM477,113) for the Group and RM786,024 (2011: RM63,371) for the Company.

## 4. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Raw materials and consumables used | **1,579,597** | 1,338,717 | **-** | - |
| Finished goods purchased | **406,857** | 459,538 | **-** | - |
| Employee benefits expense | **96,852** | 80,644 | **4,353** | 1,164 |
| Depreciation and amortisation | **72,735** | 67,294 | **7,074** | 2,145 |
| Cost of film rights and rental | **107,113** | 115,812 | **-** | - |
| Rental of land and buildings | **35,561** | 31,870 | **-** | - |
| Others | **265,866** | 214,572 | **8,842** | 3,219 |
| | **2,564,581** | 2,308,447 | **20,269** | 6,528 |

## 5. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| *Interest expense on:* | | |
| Banker's acceptance | **1,539** | 830 |
| Revolving credits | **156** | 200 |
| Bank term loans | **6,809** | 4,708 |
| Bank overdrafts | **11** | 11 |
| Hire purchase | **2** | 2 |
| Others | **38** | 57 |
| | **8,555** | 5,808 |

## 6. PROFIT BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| *Profit before tax is stated after charging:* | | | | |
| Amortisation | | | | |
| - other intangible assets | | | | |
| - included in cost of sales | **13,408** | 14,838 | **-** | - |
| - included in administrative expenses | **1,123** | 871 | **-** | - |
| Auditors' remuneration | | | | |
| - current year | **867** | 763 | **78** | 73 |
| - underprovision in prior year | **46** | 20 | **5** | - |
| Bad and doubtful debts | **1,817** | 5,381 | **32** | - |
| Depreciation | | | | |
| - property, plant and equipment | **82,683** | 73,462 | **629** | 296 |
| - investment properties | **5,414** | 5,089 | **6,831** | 2,073 |
| - biological assets | **167** | 168 | **-** | - |
| Direct operating expenses on | | | | |
| - revenue-generating investment properties | **23,332** | 18,285 | **22,598** | 7,415 |
| - non-revenue generating investment properties | **174** | 170 | **7** | 3 |
| Directors' remuneration | | | | |
| - Company's directors: | | | | |
| - fees | **262** | 284 | **237** | 262 |
| - other emoluments | **10,400** | 7,318 | **8,683** | 7,084 |
| - Subsidiaries' directors: | | | | |
| - fees | **268** | 282 | **-** | - |
| - other emoluments | **10,647** | 12,790 | **-** | - |

## 6. PROFIT BEFORE TAX (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Foreign exchange loss | | | | |
| - realised | **6,495** | 7,000 | **1** | - |
| - unrealised | **14,355** | 5,161 | **-** | - |
| Fair value loss on derivative financial instruments | **13,560** | 1,513 | **-** | - |
| Fair value loss on financial assets at fair value through profit or loss | **-** | 10,520 | **-** | - |
| Loss on disposal of financial assets at fair value through profit or loss | **-** | 1,617 | **-** | - |
| Loss on disposal of available-for-sale financial assets | **-** | - | **195** | - |
| Impairment of property, plant and equipment | **1,060** | - | **-** | - |
| Loss on disposal of property, plant and equipment | **266** | 286 | **20** | - |
| Goodwill written off | **2** | 2 | **-** | - |
| Operating leases | | | | |
| - minimum lease payments for land and buildings | **28,027** | 24,806 | **690** | 386 |
| - minimum lease payments for equipment | **764** | 891 | **-** | - |
| - contingent rent | **7,025** | 8,121 | **-** | - |
| Loss on strike off of a subsidiary | **-** | - | **1** | - |
| Land held for property development written off | **195** | - | **-** | - |
| Property, plant and equipment written off | **533** | 451 | **36** | 4 |
| Investment properties written off | **73** | - | **73** | - |
| Biological assets written down | **3,440** | - | **-** | - |
| Other intangible assets written off | **1** | 4 | **-** | - |
| Inventories written down | **1,756** | 6,649 | **-** | - |
| Deficit arising from liquidation of an associate | **-** | 9 | **-** | - |
| Loss on recognition of loans and receivables | **94** | - | **-** | 99 |

*and crediting:*

| | | | | |
|---|---|---|---|---|
| Gross dividends from unquoted subsidiaries in Malaysia | **-** | - | **250,256** | 782,142 |

**6. PROFIT BEFORE TAX (continued)**

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross dividends from associates | | | | |
| - quoted outside Malaysia | **-** | - | **146,154** | 152,385 |
| - unquoted in Malaysia | **-** | - | **2,700** | 4,271 |
| Gross dividends from other investments | | | | |
| - quoted in Malaysia | **5,185** | 15,859 | **4,827** | 15,194 |
| - quoted outside Malaysia | **6,749** | 7,278 | **5,978** | 5,986 |
| Interest income | **30,005** | 31,855 | **16,681** | 21,221 |
| Rental income from investment properties | **3,975** | 3,797 | **-** | - |
| Allowance for doubtful debts written back | **1,605** | 964 | **-** | - |
| Bad debt recovered | **46** | 1,100 | **-** | - |
| Impairment of investment properties written back | **44** | 34 | **-** | - |
| Foreign exchange gain | | | | |
| - realised | **9,376** | 5,108 | **-** | - |
| - unrealised | **334** | 2,330 | **4** | 2 |
| Fair value gain on financial assets at fair value through profit or loss | **227** | - | **-** | - |
| Gain on disposal of financial assets at fair value through profit or loss | **1,040** | - | **-** | - |
| Fair value gain on derivative financial instruments | **87** | 37,402 | **-** | - |
| Gain on disposal of available-for-sale financial assets | **66** | 857 | **-** | 134 |
| Gain on recognition of loans and receivables | **-** | - | **558** | - |
| Profit on disposal of | | | | |
| - property, plant and equipment | **305** | 232 | **-** | - |
| - investment properties | **792** | 291 | **792** | 291 |

Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Company's directors | **84** | 37 | **50** | 37 |
| Subsidiaries' directors | **197** | 211 | **-** | - |

## 7. INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Malaysian taxation | | | | |
| Current | **50,230** | 39,541 | **41,267** | 5,164 |
| Deferred | **(4,018)** | 9,257 | **112** | 2,169 |
| | **46,212** | 48,798 | **41,379** | 7,333 |
| Foreign taxation | | | | |
| Current | **1,968** | 2,190 | **-** | - |
| Deferred | **(270)** | 199 | **-** | - |
| | **47,910** | 51,187 | **41,379** | 7,333 |
| Under/(Over)provision in prior year | | | | |
| Malaysian taxation | | | | |
| Current | **3,780** | (5,268) | **(112)** | 391 |
| Deferred | **(2,978)** | (2,506) | **(159)** | 328 |
| Foreign taxation | | | | |
| Current | **(95)** | 659 | **-** | - |
| | **48,617** | 44,072 | **41,108** | 8,052 |

The statutory tax rate applicable to the Company remained at 25%.

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax excluding share of results of associates and jointly controlled entity, analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Accounting profit | **200,058** | 237,396 | **417,686** | 967,445 |
| Taxation at applicable tax rate | **49,206** | 59,898 | **104,422** | 241,861 |
| *Tax effect arising from:* | | | | |
| Non-taxable income | | | | |
| - exempt dividend | **(2,858)** | (5,426) | **(65,173)** | (237,749) |
| - profit on disposal of land and buildings | **(198)** | (73) | **(198)** | (73) |
| - fair value gain on financial assets at fair value through profit or loss | **(37)** | - | **-** | - |
| - gain on disposal of financial assets at fair value through profit or loss | **(172)** | - | **-** | - |

## 7. INCOME TAX EXPENSE (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - gain on disposal of available-for-sale financial assets | **(17)** | (214) | **-** | (33) |
| - others | **(1,462)** | (2,486) | **(141)** | - |
| Expenses eligible for double deduction | **(493)** | (228) | **-** | - |
| Non-deductible expenses | | | | |
| - loss on disposal of financial assets at fair value through profit or loss | **-** | 404 | **-** | - |
| - unrealised loss on derivative financial instruments | **3,205** | 338 | **-** | - |
| - fair value loss on financial assets at fair value through profit or loss | **-** | 2,630 | **-** | - |
| - loss on disposal of available-for-sale financial assets | **-** | - | **49** | - |
| - others | **5,490** | 6,208 | **2,420** | 1,190 |
| Utilisation of reinvestment allowance | **(7,798)** | (10,792) | **-** | - |
| Deferred tax liabilities recognised upon acquisition of assets | **-** | - | **-** | 2,137 |
| Deferred tax assets not recognised | **3,044** | 928 | **-** | - |
| Under/(Over)provision in prior year | **707** | (7,115) | **(271)** | 719 |
| | **48,617** | 44,072 | **41,108** | 8,052 |

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company are available for distribution by way of dividends without incurring additional tax liability.

## 8. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The basic earnings per share is calculated by dividing the Group's profit for the year attributable to owners of the parent by the number of ordinary shares in issue during the year.

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Attributable to owners of the parent | **842,152** | 980,372 |
| Number of ordinary shares in issue ('000) | **1,185,500** | 1,185,500 |
| Basic earnings per share attributable to owners of the parent (sen) | **71.0** | 82.7 |

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and buildings RM'000 | Long leasehold land and buildings RM'000 | Short leasehold land and buildings RM'000 | Plant, machinery and equipment RM'000 | Motor vehicles and vessel RM'000 | Furniture, fittings, office and other equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Cost/Valuation** | | | | | | | | |
| **At 1.1.2012** | | | | | | | | |
| - cost | 186,425 | 270,286 | 338,799 | 648,989 | 107,263 | 96,972 | 9,485 | 1,658,219 |
| - valuation | - | 714 | 9,056 | - | - | - | - | 9,770 |
| | **186,425** | **271,000** | **347,855** | **648,989** | **107,263** | **96,972** | **9,485** | **1,667,989** |
| Additions - *cost* | 133 | 3,562 | 30,614 | 22,795 | 15,379 | 15,569 | 93,826 | 181,878 |
| Disposals - *cost* | - | - | - | (715) | (3,519) | (409) | - | (4,643) |
| Exchange differences - *cost* | - | - | (8,942) | (8,108) | (2,988) | (468) | (3,351) | (23,857) |
| Write-offs - *cost* | - | - | (591) | (1,464) | - | (3,541) | - | (5,596) |
| Reclassifications - *cost* | - | (768) | 7,898 | 3,697 | - | - | (10,827) | - |
| Transfer from inventories - *cost* | - | - | - | - | - | 518 | - | 518 |
| Transfer to other intangible assets - *cost* | - | - | - | (120) | - | - | - | (120) |
| **At 31.12.2012** | **186,558** | **273,794** | **376,834** | **665,074** | **116,135** | **108,641** | **89,133** | **1,816,169** |
| - cost | 186,558 | 273,080 | 367,778 | 665,074 | 116,135 | 108,641 | 89,133 | 1,806,399 |
| - valuation | - | 714 | 9,056 | - | - | - | - | 9,770 |
| | 186,558 | 273,794 | 376,834 | 665,074 | 116,135 | 108,641 | 89,133 | 1,816,169 |

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Freehold land and buildings RM'000 | Long leasehold land and buildings RM'000 | Short leasehold land and buildings RM'000 | Plant, machinery and equipment RM'000 | Motor vehicles and vessel RM'000 | Furniture, fittings, office and other equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **At 1.1.2012** | | | | | | | | |
| - cost | 51,943 | 45,683 | 118,365 | 316,798 | 46,286 | 60,264 | - | 639,339 |
| - valuation | - | 321 | 9,056 | - | - | - | - | 9,377 |
| | **51,943** | **46,004** | **127,421** | **316,798** | **46,286** | **60,264** | **-** | **648,716** |
| Charge for the year | | | | | | | | |
| - *cost* | 3,952 | 6,532 | 17,813 | 37,445 | 8,024 | 8,913 | - | 82,679 |
| - *valuation* | - | 4 | - | - | - | - | - | 4 |
| Disposals - *cost* | - | - | - | (604) | (2,880) | (264) | - | (3,748) |
| Exchange differences - *cost* | - | - | (1,103) | (3,266) | (257) | (149) | - | (4,775) |
| Write-offs - *cost* | - | - | (573) | (1,349) | - | (3,141) | - | (5,063) |
| Reclassifications - *cost* | - | (8) | - | 8 | - | - | - | - |
| Transfer to other intangible assets - *cost* | - | - | - | (15) | - | - | - | (15) |
| **At 31.12.2012** | **55,895** | **52,532** | **143,558** | **349,017** | **51,173** | **65,623** | **-** | **717,798** |
| - cost | 55,895 | 52,207 | 134,502 | 349,017 | 51,173 | 65,623 | - | 708,417 |
| - valuation | - | 325 | 9,056 | - | - | - | - | 9,381 |
| | 55,895 | 52,532 | 143,558 | 349,017 | 51,173 | 65,623 | - | 717,798 |
| **Accumulated impairment losses** | | | | | | | | |
| **At 1.1.2012** | | | | | | | | |
| - cost | 476 | - | 523 | - | - | 430 | - | 1,429 |
| - valuation | - | - | - | - | - | - | - | - |
| | 476 | - | 523 | - | - | 430 | - | 1,429 |
| Charge for the year | | | | | | | | |
| - *cost* | - | - | - | 1,060 | - | - | - | 1,060 |
| **At 31.12.2012** | **476** | **-** | **523** | **1,060** | **-** | **430** | **-** | **2,489** |
| **Net book value** | | | | | | | | |
| **at 31.12.2012** | **130,187** | **221,262** | **232,753** | **314,997** | **64,962** | **42,588** | **89,133** | **1,095,882** |
| - cost | 130,187 | 220,873 | 232,753 | 314,997 | 64,962 | 42,588 | 89,133 | 1,095,493 |
| - valuation | - | 389 | - | - | - | - | - | 389 |
| | 130,187 | 221,262 | 232,753 | 314,997 | 64,962 | 42,588 | 89,133 | 1,095,882 |

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

| | Freehold land and buildings RM'000 | Long leasehold land and buildings RM'000 | Short leasehold land and buildings RM'000 | Plant, machinery and equipment RM'000 | Motor vehicles and vessel RM'000 | Furniture, fittings, office and other equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Cost/Valuation** | | | | | | | | |
| **At 1.1.2011** | | | | | | | | |
| - cost | 168,949 | 222,039 | 281,529 | 533,286 | 89,751 | 87,080 | 150,124 | 1,532,758 |
| - valuation | - | 714 | 9,056 | - | - | - | - | 9,770 |
| | **168,949** | **222,753** | **290,585** | **533,286** | **89,751** | **87,080** | **150,124** | **1,542,528** |
| Additions | 1,491 | 12,965 | 31,349 | 26,849 | 16,893 | 12,642 | 32,698 | 134,887 |
| Disposals - *cost* | (94) | - | - | (199) | (1,673) | (218) | - | (2,184) |
| Exchange differences - *cost* | - | - | 607 | 1,162 | 2,492 | 41 | 120 | 4,422 |
| Transfer to investment properties - cost | - | (4,958) | - | (771) | - | - | - | (5,729) |
| Write-offs - *cost* | - | - | - | (2,613) | (377) | (2,945) | - | (5,935) |
| Reclassifications - *cost* | 16,079 | 40,240 | 25,314 | 91,275 | 177 | 372 | (173,457) | - |
| **At 31.12.2011** | **186,425** | **271,000** | **347,855** | **648,989** | **107,263** | **96,972** | **9,485** | **1,667,989** |
| - cost | 186,425 | 270,286 | 338,799 | 648,989 | 107,263 | 96,972 | 9,485 | 1,658,219 |
| - valuation | - | 714 | 9,056 | - | - | - | - | 9,770 |
| | 186,425 | 271,000 | 347,855 | 648,989 | 107,263 | 96,972 | 9,485 | 1,667,989 |

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Freehold land and buildings RM'000 | Long leasehold land and buildings RM'000 | Short leasehold land and buildings RM'000 | Plant, machinery and equipment RM'000 | Motor vehicles and vessel RM'000 | Furniture, fittings, office and other equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | |
| **At 1.1.2011** | | | | | | | | |
| - cost | 48,132 | 41,555 | 102,078 | 284,514 | 42,431 | 55,839 | - | 574,549 |
| - valuation | - | 317 | 9,056 | - | - | - | - | 9,373 |
| | **48,132** | **41,872** | **111,134** | **284,514** | **42,431** | **55,839** | **-** | **583,922** |
| Charge for the year | | | | | | | | |
| - *cost* | 3,863 | 5,879 | 16,383 | 34,856 | 5,086 | 7,391 | - | 73,458 |
| - *valuation* | - | 4 | - | - | - | - | - | 4 |
| Disposals - *cost* | (52) | - | - | (168) | (1,040) | (160) | - | (1,420) |
| Exchange differences - *cost* | - | - | (96) | 294 | 183 | 22 | - | 403 |
| Transfer to investment properties - cost | - | (1,751) | - | (416) | - | - | - | (2,167) |
| Write-offs - *cost* | - | - | - | (2,282) | (374) | (2,828) | - | (5,484) |
| **At 31.12.2011** | **51,943** | **46,004** | **127,421** | **316,798** | **46,286** | **60,264** | **-** | **648,716** |
| - cost | 51,943 | 45,683 | 118,365 | 316,798 | 46,286 | 60,264 | - | 639,339 |
| - valuation | - | 321 | 9,056 | - | - | - | - | 9,377 |
| | 51,943 | 46,004 | 127,421 | 316,798 | 46,286 | 60,264 | - | 648,716 |
| **Accumulated impairment losses** | | | | | | | | |
| **At 1.1.2011/31.12.2011** | | | | | | | | |
| - cost | 476 | - | 523 | - | - | 430 | - | 1,429 |
| - valuation | - | - | - | - | - | - | - | - |
| | 476 | - | 523 | - | - | 430 | - | 1,429 |
| **Net book value** | | | | | | | | |
| **at 31.12.2011** | **134,006** | **224,996** | **219,911** | **332,191** | **60,977** | **36,278** | **9,485** | **1,017,844** |
| - cost | 134,006 | 224,603 | 219,911 | 332,191 | 60,977 | 36,278 | 9,485 | 1,017,451 |
| - valuation | - | 393 | - | - | - | - | - | 393 |
| | 134,006 | 224,996 | 219,911 | 332,191 | 60,977 | 36,278 | 9,485 | 1,017,844 |

## 9. PROPERTY, PLANT AND EQUIPMENT (continued)

| Company | Plant, machinery and equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings, office and other equipment RM'000 | Vessel RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1.1.2012** | **-** | **1,485** | **2,386** | **-** | **3,871** |
| Additions | - | 399 | 1,802 | - | 2,201 |
| Disposals | - | - | (79) | - | (79) |
| Write-offs | - | - | (718) | - | (718) |
| **At 31.12.2012** | **-** | **1,884** | **3,391** | **-** | **5,275** |
| **Accumulated depreciation** | | | | | |
| **At 1.1.2012** | **-** | **379** | **1,574** | **-** | **1,953** |
| Charge for the year | - | 124 | 505 | - | 629 |
| Disposals | - | - | (57) | - | (57) |
| Write-offs | - | - | (682) | - | (682) |
| **At 31.12.2012** | **-** | **503** | **1,340** | **-** | **1,843** |
| **Net book value at 31.12.2012** | **-** | **1,381** | **2,051** | **-** | **3,432** |
| **Cost** | | | | | |
| **At 1.1.2011** | **121** | **1,485** | **1,857** | **-** | **3,463** |
| Additions | - | - | 554 | - | 554 |
| Additions via dividend-in-specie | - | - | - | 76,712 | 76,712 |
| Disposals | - | - | (13) | (76,712) | (76,725) |
| Write-offs | - | - | (12) | - | (12) |
| Transfer to investment properties | (121) | - | - | - | (121) |
| **At 31.12.2011** | **-** | **1,485** | **2,386** | **-** | **3,871** |
| **Accumulated depreciation** | | | | | |
| **At 1.1.2011** | **19** | **281** | **1,397** | **-** | **1,697** |
| Charge for the year | - | 98 | 198 | - | 296 |
| Disposals | - | - | (13) | - | (13) |
| Write-offs | - | - | (8) | - | (8) |
| Transfer to investment properties | (19) | - | - | - | (19) |
| **At 31.12.2011** | **-** | **379** | **1,574** | **-** | **1,953** |
| **Net book value at 31.12.2011** | **-** | **1,106** | **812** | **-** | **1,918** |

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM1.479 million (2011: RM nil).

Included in the Group's property, plant and equipment are motor vehicles acquired under unexpired hire purchase arrangements with net book value amounting to RM3 (2011: RM3).

Title deeds to certain freehold land and buildings of the Group with net book value of RM2.945 million (2011: RM3.047 million) have yet to be issued by the relevant authorities.

Property, plant and equipment of the Group with net book value of approximately RM157.082 million (2011: RM96.659 million) has been charged to secure the long-term bank loan referred to in note 32.

The property, plant and equipment stated at valuation were revalued by directors based on independent professional valuations carried out in 1982 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. The Group has availed itself of the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998 and accordingly, the carrying amounts of the revalued property, plant and equipment have been retained on the basis of these valuations as though they had never been revalued.

## 10. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost/Valuation** | | | | |
| **At 1 January** | | | | |
| - cost | **307,020** | 297,752 | **308,670** | 69,140 |
| - valuation | **6,410** | 6,410 | **-** | - |
| | **313,430** | 304,162 | **308,670** | 69,140 |
| Additions | **13,013** | 3,936 | **12,697** | 239,806 |
| Disposals - *cost* | **(41)** | - | **(41)** | - |
| Write-offs - *cost* | **(973)** | - | **(973)** | - |
| Transfer from property, plant and equipment - *cost* | **-** | 5,729 | **-** | 121 |
| Transfer to assets held for sale - *cost* | **-** | (397) | **-** | (397) |
| **At 31 December** | **325,429** | 313,430 | **320,353** | 308,670 |
| - cost | **319,019** | 307,020 | **320,353** | 308,670 |
| - valuation | **6,410** | 6,410 | **-** | - |
| | **325,429** | 313,430 | **320,353** | 308,670 |
| **Accumulated depreciation** | | | | |
| **At 1 January** | | | | |
| - cost | **91,416** | 84,186 | **2,809** | 717 |
| - valuation | **353** | 327 | **-** | - |
| | **91,769** | 84,513 | **2,809** | 717 |
| Charge for the year - *cost* | **5,414** | 5,063 | **6,831** | 2,073 |
| - *valuation* | **-** | 26 | **-** | - |
| Write-offs - *cost* | **(900)** | - | **(900)** | - |
| Transfer from property, plant and equipment - *cost* | **-** | 2,167 | **-** | 19 |
| **At 31 December** | **96,283** | 91,769 | **8,740** | 2,809 |
| - cost | **95,930** | 91,416 | **8,740** | 2,809 |
| - valuation | **353** | 353 | **-** | - |
| | **96,283** | 91,769 | **8,740** | 2,809 |

**10. INVESTMENT PROPERTIES (continued)**

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Accumulated impairment losses** | | | | |
| **At 1 January** | | | | |
| - cost | **6,966** | 7,000 | **4,022** | 4,022 |
| - valuation | **-** | - | **-** | - |
| | **6,966** | 7,000 | **4,022** | 4,022 |
| Write back - *cost* | **(44)** | (34) | **-** | - |
| **At 31 December** | **6,922** | 6,966 | **4,022** | 4,022 |
| - cost | **6,922** | 6,966 | **4,022** | 4,022 |
| - valuation | **-** | - | **-** | - |
| | **6,922** | 6,966 | **4,022** | 4,022 |
| **Net book value at 31 December** | **222,224** | 214,695 | **307,591** | 301,839 |
| - cost | **216,167** | 208,638 | **307,591** | 301,839 |
| - valuation | **6,057** | 6,057 | **-** | - |
| | **222,224** | 214,695 | **307,591** | 301,839 |
| **Fair value at 31 December** | **602,905** | 530,941 | **352,680** | 313,750 |

Title deeds to certain investment properties of the Group with net book value of RM8.697 million (2011: RM8.780 million) have yet to be issued by the relevant authorities.

The investment properties stated at valuation previously included in property, plant and equipment were revalued by directors based on independent professional valuations carried out in 1981 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment or investment properties. The Group has availed itself of the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998, and accordingly, the carrying amounts of these revalued investment properties have been retained on the basis of these valuations as though they had never been revalued.

The fair values of these investment properties as at the financial year end were arrived at by reference to market evidence of transaction prices for similar properties and was performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the locations and categories of the properties being valued.

## 11. BIOLOGICAL ASSETS

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| **Plantation Development Expenditure** | | |
| ***(included under non-current assets)*** | | |
| **Cost** | | |
| **At 1 January** | **4,272** | 4,247 |
| Additions | **327** | 25 |
| **At 31 December** | **4,599** | 4,272 |
| **Accumulated depreciation** | | |
| **At 1 January** | **1,672** | 1,504 |
| Charge for the year | **167** | 168 |
| **At 31 December** | **1,839** | 1,672 |
| **Net book value at 31 December** | **2,760** | 2,600 |
| **Biological assets** | | |
| ***(included under current assets)*** | | |
| Livestock at cost/net realisable value | **14,268** | 16,860 |

## 12. LAND HELD FOR PROPERTY DEVELOPMENT

| Group | Freehold land RM'000 | Leasehold land RM'000 | Development expenditure RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| **At 1 January 2012** | 4,533 | 263 | 7,074 | 11,870 |
| Additions | - | - | 2,057 | 2,057 |
| Write off | - | - | (195) | (195) |
| **At 31 December 2012** | **4,533** | **263** | **8,936** | **13,732** |
| **At 1 January 2011** | 4,533 | 263 | 6,688 | 11,484 |
| Additions | - | - | 386 | 386 |
| **At 31 December 2011** | 4,533 | 263 | 7,074 | 11,870 |

## 13. GOODWILL

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| **Cost** | | |
| **At 1 January** | **74,617** | 74,617 |
| Arising from the acquisition of a subsidiary *(see note 42(a))* | **-** | 2 |
| Goodwill written off | **(2)** | (2) |
| **At 31 December** | **74,615** | 74,617 |

**Impairment testing of goodwill**

Goodwill acquired in business combinations had been allocated to the Group's cash-generating units ("CGU") identified according to business segments as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Film exhibition and distribution | **70,233** | 70,233 |
| Environmental engineering, waste management and utilities | **3,338** | 3,338 |
| Chemicals trading and manufacturing | **290** | 290 |
| Other operations | **754** | 756 |
| | **74,615** | 74,617 |

Film exhibition and distribution

The recoverable amount of the CGU of film exhibition and distribution is determined by value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. Cash flows beyond that five-year period have been extrapolated using a weighted average growth rate of 12.33% (2011: 11.77%) p.a., based on the long-term average growth rate of the industry. A pre-tax discount rate of 12.80% (2011: 13.31%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

Environmental engineering, waste management and utilities, chemicals trading and manufacturing and other operations

The recoverable amounts of the CGU of environmental engineering, waste management and utilities, chemicals trading and manufacturing, and other operations are determined by value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by management. The cash flows beyond the five-year period are extrapolated using weighted average growth rates between 2.00% to 5.00% (2011: between 2.00% to 5.00%) p.a., based on the long-term average growth rate of the respective industries. Pre-tax discount rates between 3.50% to 8.00% (2011: between 4.58% to 9.42%) are applied to cash flow projections which also reflect the specific risks relating to the CGUs.

## 13. GOODWILL (continued)

Sensitivity to changes in assumptions

All the above key assumptions are based on management knowledge in the respective industries and historical information. In assessing the value in use, management is of the view that no foreseeable changes in any of the above key assumptions are expected to cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

## 14. OTHER INTANGIBLE ASSETS

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| **Computer software** | | |
| ***(included under non-current assets)*** | | |
| **Cost** | | |
| **At 1 January** | **8,778** | 8,062 |
| Additions | **1,655** | 770 |
| Write-offs | **(37)** | (77) |
| Transfer from property, plant and equipment | **120** | - |
| Exchange differences | **(10)** | 23 |
| **At 31 December** | **10,506** | 8,778 |
| **Accumulated amortisation** | | |
| **At 1 January** | **7,380** | 6,559 |
| Charge for the year | **1,123** | 871 |
| Write-offs | **(36)** | (73) |
| Transfer from property, plant and equipment | **15** | - |
| Exchange differences | **(2)** | 23 |
| **At 31 December** | **8,480** | 7,380 |
| **Carrying amount at 31 December** | **2,026** | 1,398 |

## 14. OTHER INTANGIBLE ASSETS (continued)

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| **Film rights** | | |
| ***(included under current assets)*** | | |
| **Cost** | | |
| **At 1 January** | **55,980** | 42,118 |
| Additions | **13,031** | 20,128 |
| Rights expired | **(1,628)** | (6,266) |
| **At 31 December** | **67,383** | 55,980 |
| **Accumulated amortisation** | | |
| **At 1 January** | **43,967** | 35,395 |
| Charge for the year | **13,408** | 14,838 |
| Rights expired | **(1,628)** | (6,266) |
| **At 31 December** | **55,747** | 43,967 |
| **Carrying amount at 31 December** | **11,636** | 12,013 |

## 15. INVESTMENTS IN SUBSIDIARIES

| | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|
| Unquoted shares at cost | **1,417,267** | 1,417,269 |

The subsidiaries are listed in note 55.

## 16. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Shares quoted outside Malaysia at cost | **8,080,369** | 8,080,369 | **8,684,629** | 8,684,629 |
| Unquoted shares at cost | **184,390** | 100,894 | **56,618** | 56,618 |
| | **8,264,759** | 8,181,263 | **8,741,247** | 8,741,247 |
| Impairment loss on unquoted shares | **(4,705)** | (4,705) | **(25)** | (25) |
| Group's share of post-acquisition reserves | **3,033,743** | 2,863,996 | **-** | - |
| | **11,293,797** | 11,040,554 | **8,741,222** | 8,741,222 |
| Market value of quoted shares | **9,808,174** | 14,316,454 | **9,808,174** | 14,316,454 |

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM207,000 has not been recognised in the Group income statement as equity accounting had ceased when the Group's share of losses of this associate exceeded the carrying amount of its investment in the associate.

The summarised financial information of the associates as at 31 December is as follows:

| | **2012** | **2011** |
|---|---|---|
| | **RM'000** | **RM'000** |
| *Assets and liabilities* | | |
| Total assets | **131,221,718** | 126,817,739 |
| Total liabilities | **83,590,025** | 80,938,369 |
| *Results* | | |
| Revenue | **142,362,385** | 137,040,152 |
| Profit for the year | **3,850,949** | 4,952,352 |

The associates are listed in note 56.

## 17. INVESTMENT IN JOINTLY CONTROLLED ENTITY

| | Group | |
|---|---|---|
| | **2012** | 2011 |
| | **RM'000** | RM'000 |
| Capital contribution, at cost | **11,060** | 14,595 |
| Group's share of post-acquisition reserves | **40,668** | 37,074 |
| | **51,728** | 51,669 |

The Group's share of the assets and liabilities as at 31 December and revenue and results for the year of the jointly controlled entity are as follows:

| | Group | |
|---|---|---|
| | **2012** | 2011 |
| *Assets and liabilities* | **RM'000** | RM'000 |
| Non-current assets | **49,381** | 50,037 |
| Current assets | **3,351** | 2,674 |
| Total assets | **52,732** | 52,711 |
| Non-current liabilities | **-** | - |
| Current liabilities | **1,004** | 1,042 |
| Total liabilities | **1,004** | 1,042 |
| *Results* | | |
| Revenue | **9,836** | 8,379 |
| Expenses | **(5,625)** | (3,815) |
| Profit for the year | **4,211** | 4,564 |

The unincorporated jointly controlled entity has no material contingencies and capital commitments at year end.

The jointly controlled entity is listed in note 57.

## 18. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Classified as available-for-sale financial assets | | | | |
| Shares quoted in Malaysia at market value | **213,387** | 246,496 | **200,211** | 231,526 |
| Shares quoted outside Malaysia at market value | **402,988** | 338,063 | **391,511** | 327,770 |
| Unquoted shares at cost | **427** | 427 | **266** | 266 |
| | **616,802** | 584,986 | **591,988** | 559,562 |
| Classified as financial assets at fair value through profit or loss | | | | |
| Shares quoted outside Malaysia at market value | **907** | 13,581 | **-** | - |
| | **617,709** | 598,567 | **591,988** | 559,562 |

## 19. DEFERRED TAX ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January** | **7,557** | 4,366 | **-** | - |
| Exchange translation differences | **(29)** | (22) | **-** | - |
| (Reversal)/Originating during the year | **(1,610)** | 3,213 | **-** | - |
| **At 31 December** | **5,918** | 7,557 | **-** | - |

The Group has recognised the deferred tax assets based on the current level of operations of certain subsidiaries and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

The deferred tax assets on temporary differences recognised in the financial statements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax effects of | | | | |
| - Unabsorbed tax losses | **6,045** | 7,669 | **-** | - |
| - Excess of capital allowances over accumulated depreciation on property, plant and equipment | **(127)** | (112) | **-** | - |
| | **5,918** | 7,557 | **-** | - |

## 19. DEFERRED TAX ASSETS (continued)

Further, the following temporary differences and unused tax losses exist as at 31 December of which the deferred tax benefits have not been recognised in the financial statements:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Unabsorbed tax losses | **29,956** | 24,417 | **18,199** | 18,199 |
| Unabsorbed capital allowances | **13,578** | 3,846 | **5,792** | 2,328 |
| Unutilised investment tax allowance | **3,429** | - | **-** | - |
| Excess of capital allowances over accumulated depreciation on property, plant and equipment | **(4,746)** | (80) | **-** | - |
| | **42,217** | 28,183 | **23,991** | 20,527 |

## 20. AMOUNTS DUE FROM/TO SUBSIDIARIES

Amount due from a subsidiary included under non-current assets

The amount due from a subsidiary included under non-current assets represent unsecured advances not expected to be recalled within the next 12 months and is analysed as follows:

| | Company | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Bearing interest at 3.32% (2011: 3.33%) per annum ("p.a.") | **49,229** | 52,010 |

Amounts due from subsidiaries included under current assets

The amounts due from subsidiaries included under current assets represent unsecured advances which are repayable on demand.

| | Company | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Bearing interest at 3.32% (2011: 3.33%) p.a. | **4,671** | 4,215 |
| Interest-free | **482** | 243 |
| | **5,153** | 4,458 |

Amounts due to subsidiaries included under current liabilities

The amounts due to subsidiaries included under current liabilities represent interest-free unsecured advances which are repayable on demand.

## 21. INVENTORIES

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| **At cost/net realisable value** | | |
| Raw materials | **369,719** | 368,921 |
| Work-in-progress | **9,464** | 5,062 |
| Finished goods | **74,556** | 68,535 |
| Completed development properties | **2,953** | 14,090 |
| Sundry stores and consumables | **19,535** | 17,551 |
| | **476,227** | 474,159 |

## 22. PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Freehold land | | |
| - at cost | **3,927** | 3,927 |
| - at valuation | **748** | 748 |
| Development and construction costs | **39,061** | 30,710 |
| **At 1 January** | **43,736** | 35,385 |
| Development costs incurred during the year | **5,390** | 8,351 |
| Cost recognised in income statement during the year | **(18,081)** | - |
| Transferred to inventories | **(1,707)** | - |
| **At 31 December** | **29,338** | 43,736 |

## 23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Aggregate contract expenditure incurred to-date | **460,667** | 375,141 |
| Attributable profit recognised to-date | **57,616** | 40,436 |
| | **518,283** | 415,577 |
| Progress billings to-date | **(504,581)** | (411,073) |
| | **13,702** | 4,504 |
| | | |
| Gross amount due from customers | **28,715** | 21,890 |
| Gross amount due to customers | **(15,013)** | (17,386) |
| | **13,702** | 4,504 |

## 23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS (continued)

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Progress billings comprise: | | |
| Progress billings | | |
| - received | **487,116** | 396,776 |
| - receivable | **3,659** | 5,560 |
| Retention sums | **13,806** | 8,737 |
| | **504,581** | 411,073 |

## 24. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | **426,765** | 354,886 | **418** | 244 |
| Allowance for doubtful debts | **(11,487)** | (12,998) | **(18)** | - |
| | **415,278** | 341,888 | **400** | 244 |

The currency exposure profile of trade receivables is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - RM | **353,023** | 297,572 | **400** | 244 |
| - United States Dollar ("USD") | **5,632** | 2,889 | **-** | - |
| - Singapore Dollar ("SGD") | **3,998** | 4,477 | **-** | - |
| - Euro ("EUR") | **368** | - | **-** | - |
| - Brunei Dollar ("BND") | **192** | 5 | **-** | - |
| - Indonesian Rupiah ("IDR") | **35,976** | 26,974 | **-** | - |
| - Hong Kong Dollar ("HKD") | **38** | 109 | **-** | - |
| - Vietnamese Dong ("VND") | **16,051** | 9,862 | **-** | - |
| | **415,278** | 341,888 | **400** | 244 |

Credit terms granted to customers normally range from 14 to 120 days. For major established customers, the credit terms may be extended to 120 days based on the discretion of management.

## 25. AMOUNTS DUE FROM/TO ASSOCIATES

Amounts due from associates included under current assets

The amounts due from associates included under current assets are unsecured and are analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade balances | **863** | 1,227 | **-** | - |
| Advances bearing interest | | | | |
| - at 0.86% (2011: 0.74%) p.a. | **11,833** | 12,128 | **-** | - |
| - at 0.79% (2011: 0.77%) p.a. | **1,384** | 1,423 | **-** | - |
| - at 4.32% (2011: 4.33%) p.a. | **3,982** | 3,814 | **3,982** | 3,814 |
| - at 4.09% (2011: 3.86%) p.a. | **7,350** | 5,785 | **-** | - |
| Interest-free advances | **2,739** | 2,274 | **1** | 25 |
| | **28,151** | 26,651 | **3,983** | 3,839 |
| Allowance for doubtful debts | **(189)** | (189) | **-** | - |
| | **27,962** | 26,462 | **3,983** | 3,839 |

The trade balances are expected to be settled within the normal credit periods. The advances can be recalled on demand.

The currency exposure profile of the amounts due from associates is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - RM | **6,817** | 5,822 | **3,983** | 3,839 |
| - USD | **9,312** | 8,512 | **-** | - |
| - HKD | **11,833** | 12,128 | **-** | - |
| | **27,962** | 26,462 | **3,983** | 3,839 |

Amounts due to associates included under current liabilities

The trade balances due to associates included under current liabilities are expected to be settled within the normal credit periods. The advances are payable on demand.

## 26. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Assets designated at fair value through profit or loss | | |
| - Forward contracts | **6** | 1,796 |
| - Futures and options contracts | **7,189** | 900 |
| | **7,195** | 2,696 |
| Liabilities designated at fair value through profit or loss | | |
| - Forward contracts | **(1,154)** | (427) |
| - Futures and options contracts | **(34,321)** | (3,837) |
| | **(35,475)** | (4,264) |

## 27. DEPOSITS

| | Group 2012 RM'000 | Group 2011 RM'000 | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|---|---|
| Deposits with licensed banks | | | | |
| - in Malaysia | **909,954** | 995,711 | **605,155** | 468,320 |
| - outside Malaysia | **46,697** | 52,934 | **-** | - |
| | **956,651** | 1,048,645 | **605,155** | 468,320 |

The currency exposure profile of deposits is as follows:

| | Group 2012 RM'000 | Group 2011 RM'000 | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|---|---|
| - RM | **905,367** | 995,711 | **605,155** | 468,320 |
| - Australian Dollar ("AUD") | **270** | 271 | **-** | - |
| - USD | **22,568** | 12,783 | **-** | - |
| - SGD | **2,740** | - | **-** | - |
| - EUR | **-** | 6,555 | **-** | - |
| - IDR | **-** | 4,548 | **-** | - |
| - HKD | **17,768** | 18,348 | **-** | - |
| - Chinese Yuan Renminbi ("CNY") | **7,271** | 6,976 | **-** | - |
| - VND | **667** | 3,453 | **-** | - |
| | **956,651** | 1,048,645 | **605,155** | 468,320 |

The effective interest rates range from 0.20% to 8.00% (2011: 0.55% to 3.50%) p.a. All the deposits have maturities of less than one year.

## 28. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM18.1 million (2011: RM0.1 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 2% (2011: 2%) p.a.

The currency exposure profile of cash and bank balances is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - RM | **62,704** | 55,752 | **11,802** | 5,301 |
| - AUD | **1** | 13 | **-** | - |
| - USD | **20,195** | 23,912 | **-** | - |
| - SGD | **1,065** | 2,197 | **104** | 104 |
| - EUR | **50** | 140 | **-** | - |
| - IDR | **5,808** | 138 | **-** | - |
| - HKD | **682** | 705 | **-** | - |
| - VND | **1,939** | 1,922 | **-** | - |
| - CNY | **910** | 1,061 | **-** | - |
| - Sterling Pound ("GBP") | **17** | - | **-** | - |
| - Japanese Yen ("JPY") | **-** | 8 | **-** | - |
| - Thai Baht ("THB") | **1** | 1 | **-** | - |
| - Swedish Krona ("SEK") | **-** | 14 | **-** | - |
| - Turkish Lira ("TRY") | **3** | 3 | **-** | - |
| - Myanmar Kyat ("MMK") | **58** | 11 | **-** | - |
| | **93,433** | 85,877 | **11,906** | 5,405 |

## 29. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The disposal of investment property amounting to RM0.397 million classified as held for sale in 2011 has been completed in 2012. The said investment property was disposed off for a consideration of RM0.644 million.

An investment property amounting to RM9.009 million classified as held for sale is in relation to a subsidiary which had entered into a sale and purchase agreement to dispose of its investment property. Subsequent thereto, the then tenant of the investment property ("Tenant") filed a Writ of Summons and Statement of Claim in the High Court against the subsidiary which was dismissed. The Tenant subsequently filed various applications in the Court of Appeal and the Federal Court, all of which have since been dismissed by the respective courts. The subsidiary is proceeding with the sale of the said property which is now targeted to be completed in the second quarter of 2013.

The assets and liabilities attributable to the above assets have been classified as held for sale and are presented separately in the consolidated statement of financial position.

Since the fair values less costs to sell of the assets classified as held for sale are expected to exceed their net carrying amounts, no impairment loss is recognised.

## 29. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The assets classified as held for sale are as follows:

| | Group 2012 RM'000 | Group 2011 RM'000 | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|---|---|
| Investment properties | | | | |
| At cost | **13,847** | 14,244 | **-** | 397 |
| Accumulated depreciation | **(4,838)** | (4,838) | **-** | - |
| Net book value | **9,009** | 9,406 | **-** | 397 |

## 30. SHARE CAPITAL

| | 2012 Number of shares '000 | 2012 RM'000 | 2011 Number of shares '000 | 2011 RM'000 |
|---|---|---|---|---|
| **Authorised:** | | | | |
| Ordinary shares of RM1 each | **2,000,000** | 2,000,000 | **2,000,000** | 2,000,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of RM1 each | **1,185,500** | 1,185,500 | **1,185,500** | 1,185,500 |

## 31. OTHER NON-DISTRIBUTABLE RESERVES

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Revaluation reserve | **60,532** | 60,942 |
| Exchange translation reserve | **(952,538)** | (630,158) |
| Fair value reserve | **198,192** | 166,319 |
| Hedge reserve | **36,044** | 32,041 |
| Capital reserve | **248,964** | 328,878 |
| | **(408,806)** | (41,978) |

Details of the capital reserve are as follows:

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Share of capital reserves of associates | **225,291** | 305,205 |
| Share premium of subsidiaries arising from shares issued to non-controlling interests | **23,651** | 23,651 |
| Transferred from retained earnings arising from bonus issue by subsidiaries | **22** | 22 |
| | **248,964** | 328,878 |

## 32. LONG-TERM BANK BORROWINGS

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| *Secured:* | | |
| USD-denominated loans bearing interest ranging from 1.25% to 1.80% p.a. above SIBOR (effective interest rate: 2.58% to 3.50% (2011: 2.38% to 3.35%) p.a.) repayable in full between 2014 and 2018 *(see note 9)* | **92,304** | 49,234 |
| *Unsecured:* | | |
| CNY-denominated loan bearing interest at 7.05% (2011: 7.05%) p.a., repayable in full by 2014 | **5,515** | 8,484 |
| | **97,819** | 57,718 |
| Repayments due within the next 12 months included under short-term borrowings *(see note 37)* | **(12,607)** | (12,991) |
| Repayments due after 12 months | **85,212** | 44,727 |
| The bank term loans are repayable as follows: | | |
| - within one year *(included under current liabilities)* | **12,607** | 12,991 |
| - later than one year but not later than five years | **78,045** | 34,944 |
| - later than five years | **7,167** | 9,783 |
| | **97,819** | 57,718 |

## 33. HIRE PURCHASE LIABILITIES

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Outstanding hire purchase instalments due: | | |
| - within one year | **15** | 15 |
| - later than one year but not later than five years | **13** | 28 |
| | **28** | 43 |
| Unexpired term charges | **(2)** | (3) |
| Outstanding principal amount due | **26** | 40 |
| Outstanding principal amount due as follows: | | |
| - within one year *(included under current liabilities)* | **14** | 14 |
| - later than one year but not later than five years | **12** | 26 |
| | **26** | 40 |

The effective interest rate of the hire purchase liabilities is 6.17% (2011: 6.17%) p.a.

## 34. DEFERRED TAX LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January** | **79,800** | 69,637 | **2,631** | 134 |
| Recognised in income statement | **(8,877)** | 10,163 | **(47)** | 2,497 |
| **At 31 December** | **70,923** | 79,800 | **2,584** | 2,631 |

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax effects of | | | | |
| - Excess of capital allowances over accumulated depreciation on property, plant and equipment | **65,439** | 63,050 | **2,584** | 2,631 |
| - Surplus on revaluation of land and buildings | **16,619** | 17,229 | **-** | - |
| - Unabsorbed capital allowances | **(874)** | - | **-** | - |
| - Unabsorbed tax losses | **(6,108)** | (39) | **-** | - |
| - Other temporary differences | **(4,153)** | (440) | **-** | - |
| | **70,923** | 79,800 | **2,584** | 2,631 |

## 35. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| - RM | **126,691** | 100,966 |
| - USD | **29,215** | 26,807 |
| - SGD | **839** | 575 |
| - EUR | **18** | 64 |
| - IDR | **2,755** | 5,741 |
| - JPY | **19** | 6 |
| - VND | **443** | 949 |
| - HKD | **-** | 1,236 |
| - THB | **8** | - |
| - Swiss Franc ("CHF") | **293** | - |
| - MMK | **-** | 41 |
| - CNY | **-** | 683 |
| | **160,281** | 137,068 |

## 35. TRADE PAYABLES (continued)

The normal credit terms extended by suppliers range from 30 to 120 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts. The defects liability periods of construction contracts are between 12 and 30 months.

## 36. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Unpaid property, plant and equipment and investment properties acquired | **9,401** | 12,914 | **-** | - |
| Interest accrued | **1,308** | 1,378 | **-** | - |
| Other payables | **67,394** | 60,932 | **27** | 87 |
| Accruals | **51,373** | 44,151 | **6,466** | 1,153 |
| Tenants and other deposits | **13,994** | 13,330 | **8,060** | 7,268 |
| | **143,470** | 132,705 | **14,553** | 8,508 |

Included in other payables is an amount of RM31.642 million (2011: RM32.658 million) due to a non-controlling interest in a subsidiary. This amount represents unsecured advance bearing interest at 3% (2011: 3%) p.a. which is repayable on demand.

The currency exposure profile of other payables and accruals is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| - RM | **97,008** | 88,754 | **14,553** | 8,508 |
| - USD | **35,326** | 36,128 | **-** | - |
| - SGD | **445** | 298 | **-** | - |
| - CHF | **-** | 396 | **-** | - |
| - IDR | **3,910** | 2,768 | **-** | - |
| - HKD | **1,090** | 1,030 | **-** | - |
| - VND | **5,594** | 3,093 | **-** | - |
| - CNY | **97** | 238 | **-** | - |
| | **143,470** | 132,705 | **14,553** | 8,508 |

## 37. SHORT-TERM BORROWINGS

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| *Unsecured:* | | |
| Trust receipt | **78** | 63 |
| Banker's acceptance | **139,800** | 35,000 |
| Revolving credits | **2,300** | 1,150 |
| Bank term loans | **133,421** | 162,333 |
| Current portion of long-term bank loans *(see note 32)* | **2,767** | 2,835 |
| | **278,366** | 201,381 |
| *Secured:* | | |
| Current portion of long-term bank loans *(see note 32)* | **9,840** | 10,156 |
| | **288,206** | 211,537 |

The currency exposure profile of short-term borrowings is as follows:

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| - RM | **142,178** | 36,213 |
| - USD | **143,261** | 172,489 |
| - CNY | **2,767** | 2,835 |
| | **288,206** | 211,537 |

The borrowings bear interest at commercial rates which vary according to inter-bank offer or base lending rates, depending on the nature and purpose of the borrowings.

The effective interest rates for the short-term borrowings are as follows:

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | % p.a. | % p.a. |
| Trust receipt | **7.60** | 7.60 |
| Banker's acceptance | **3.32 - 3.34** | 3.24 - 3.57 |
| Revolving credits | **4.50 - 4.80** | 4.19 - 4.25 |
| Bank term loans | **2.35 - 7.30** | 1.35 - 9.20 |

## 38. BANK OVERDRAFTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unsecured bank overdrafts | **390** | 1,599 | **-** | 564 |

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable are between 6.60% and 7.60% (2011: between 6.60% and 8.10%) p.a.

## 39. EFFECT OF CHANGES IN GROUP STRUCTURE

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| **Effect of dilution of equity interest in a subsidiary** | | |
| - Retained earnings | **-** | 101,701 |
| - Non-controlling interest | **-** | 276,418 |
| | **-** | 378,119 |
| **Effect of dilution of equity interest in an associate** | | |
| - Exchange translation reserve | **-** | (157) |
| - Hedging reserve | **-** | 17 |
| - Capital reserve | **-** | 1,657 |
| - Retained earnings | **8,447** | 2,473 |
| | **8,447** | 3,990 |

## 40. TRANSFER OF RESERVES

Transfer of reserves is mainly derived from the Group's share of associates' reserves in respect of transfers made pursuant to the laws of certain countries in which a certain amount from the net profit must be allocated to the reserve fund.

## 41. DIVIDENDS

| | 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| *In respect of the financial year ended 31 December 2010* | | |
| Final single tier dividend of 18 sen per share | **-** | 213,390 |
| *In respect of the financial year ended 31 December 2011* | | |
| Interim single tier dividend of 10 sen per share | **-** | 118,550 |
| Final single tier dividend of 13 sen per share | **154,115** | - |
| | **154,115** | 118,550 |
| *In respect of the financial year ended 31 December 2012* | | |
| Interim single tier dividend of 7 sen per share | **82,985** | - |
| | **237,100** | 331,940 |

Subsequent to the financial year end, the Directors recommended the payment of a final single tier dividend of 13 sen per share amounting to RM154.115 million subject to shareholders' approval at the forthcoming Annual General Meeting.

## 42. ACQUISITION OF SHARES IN SUBSIDIARIES

(a) There was no subsidiary acquired during the year.

The subsidiary acquired in 2011 was Golden Screen International Sdn Bhd.

*Details of the assets, liabilities and net cash outflow arising from the acquisition of the subsidiary are as follows:*

| | Carrying/Fair value | |
|---|---|---|
| | Group | |
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| Property, plant and equipment | - | - |
| Trade and other receivables | - | - |
| Cash and bank balances | - | * |
| Trade and other payables | - | - |
| Net assets acquired | - | * |
| Goodwill on acquisition *(see note 13)* | - | 2 |
| Total purchase consideration | - | 2 |
| Less: cash and cash equivalents acquired | - | * |
| Net cash outflow on acquisition | - | 2 |

** Represents RM2*

*The revenue and loss for the year in which the acquisition took place and its post-acquisition contribution included in the consolidated income statement was as follows:*

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | RM'000 | RM'000 |
| **Revenue** | | |
| During the financial year | - | - |
| Pre-acquisition | - | - |
| Post-acquisition | - | - |
| **Loss for the year** | | |
| During the financial year | - | (1,028) |
| Pre-acquisition | - | - |
| Post-acquisition | - | (1,028) |

**42. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)**

*The net assets of the acquired subsidiary included in the consolidated statement of financial position at the end of the financial year was as follows:*

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Non-current assets | **-** | - |
| Current assets | **-** | 866 |
| Non-current liabilities | **-** | - |
| Current liabilities | **-** | (686) |
| Group's share of net assets | **-** | 180 |

(b) The details of acquisition of additional interest in an existing subsidiary during the year are as follows:

| Name of subsidiary | Cash consideration | Additional interest acquired | Effective acquisition date |
|---|---|---|---|
| | RM'000 | % | |
| Cathay Screen Cinemas Sdn Bhd | 32,211 | 31.7 | 14 February 2012 |

Additional shares in the above company were also acquired in 2011.

*The non-controlling interests acquired and the net cash outflow arising from the acquisition of additional interests in the existing subsidiary are as follows:*

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Non-controlling interests acquired | **7,068** | 471 |
| Changes in interest in subsidiary | **25,143** | 1,678 |
| Net cash outflow on acquisition | **32,211** | 2,149 |

## 43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Property, plant and equipment *(see note 9)* | **181,878** | 134,887 | **2,201** | 554 |
| Interest expense capitalised | **(1,479)** | - | **-** | - |
| Deposits paid in prior year | **(20,242)** | (921) | **-** | - |
| Deposits paid in current year | **2,697** | 20,242 | **-** | - |
| Cash paid in respect of prior year acquisition | **12,760** | 5,401 | **-** | - |
| Unpaid balances included under other payables | **(9,401)** | (12,760) | **-** | - |
| Cash paid during the financial year | **166,213** | 146,849 | **2,201** | 554 |

## 44. LIQUIDATION OF SUBSIDIARIES

The subsidiary which commenced liquidation during the year was Cipta Quantum Sdn Bhd.

The subsidiaries liquidated in 2011 were Central Kedah Rubber Estates Sdn Bhd, Cathay Enterprises Sdn Bhd and Quintrine Company Limited.

An analysis of the liquidation is as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Total surplus assets and capital receivable from subsidiaries liquidated during the year | **342** | 4,087 |
| Less: | | |
| Cost of investment | **(108)** | (2,904) |
| Post-acquisition profit previously consolidated | **(234)** | (1,183) |
| Surplus arising from liquidation | **-** | - |

## 45. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| ***Transactions with subsidiaries*** | | | | |
| Interest received and receivable | **-** | - | **1,902** | 2,498 |
| Registration fee paid and payable | **-** | - | **45** | 51 |
| Management fee received | **-** | - | **662** | 549 |
| ***Transactions with associates*** | | | | |
| Interest received and receivable | **275** | 250 | **169** | 159 |
| Management fee received | **1,002** | 1,081 | **-** | - |
| Rental of premises received | **-** | 230 | **-** | - |
| Rental of premises paid | **120** | 120 | **-** | - |
| Lease rental paid | **67** | 67 | **-** | - |
| Film rental received | **790** | 1,152 | **-** | - |
| Screen advertising and filmlets paid | **528** | 393 | **-** | - |
| Information technology services and sales of related products | **97** | 194 | **-** | - |
| ***Transactions with ultimate holding company*** | | | | |
| Share nominee services fees received | **55** | - | **-** | - |
| ***Transactions with subsidiaries of ultimate holding company*** | | | | |
| Sales of goods | **17,558** | 34,437 | **-** | - |
| ***Transactions with subsidiaries of associates*** | | | | |
| Purchase of goods | **165,845** | 135,772 | **-** | - |
| Sales of goods | **7,481** | 7,246 | **-** | - |
| Management fee received | **169** | 177 | **-** | - |
| Rental received | **3,064** | 2,938 | **-** | - |
| Elevation and other services received | **-** | 145 | **-** | - |
| Security and other services paid and payable | **1,439** | 608 | **-** | - |
| Charter hire of vessels | **80,311** | 91,561 | **-** | - |

## 45. RELATED PARTY DISCLOSURES (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ***Transactions with an associate of a company which is under common influence with the ultimate holding company*** | | | | |
| Provision of project management services | **250** | 183 | **-** | - |

Significant outstanding balances with related parties were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amounts owing by associates | **863** | 1,227 | **-** | - |
| Amounts owing to associates | **802** | 822 | **-** | - |

All outstanding balances with related parties are expected to be settled within the normal credit period. None of the balances is secured.

(b) Key management personnel compensation

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| *Directors* | | | | |
| Short-term employee benefits | **7,139** | 6,555 | **5,460** | 6,503 |
| Post-employment benefits | | | | |
| - EPF | **907** | 884 | **810** | 880 |
| - Gratuity | **2,700** | 200 | **2,700** | - |
| Sub-total | **10,746** | 7,639 | **8,970** | 7,383 |
| *Other key management personnel* | | | | |
| Short-term employee benefits | **15,724** | 16,292 | **1,450** | 1,330 |
| Post-employment benefits | | | | |
| - EPF | **1,365** | 1,332 | **224** | 205 |
| - Gratuity | **184** | - | **-** | - |
| Sub-total | **17,273** | 17,624 | **1,674** | 1,535 |
| Total compensation | **28,019** | 25,263 | **10,644** | 8,918 |

## 46. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Employee benefits expense | **203,473** | 167,826 | **20,237** | 14,437 |
| EPF | **17,948** | 15,823 | **2,201** | 1,802 |

## 47. CONTINGENT LIABILITIES

There is a contingent liability of RM16.6 million arising from a warranty given to a purchaser of one of the Group's and Company's investments.

## 48. CAPITAL COMMITMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Authorised capital expenditure | | | | |
| - Property, plant and equipment | | | | |
| - contracted | **90,269** | 38,211 | **-** | - |
| - not contracted | **260,998** | 218,315 | **4,653** | 13,594 |
| | **351,267** | 256,526 | **4,653** | 13,594 |
| Other capital expenditure | | | | |
| - contracted | **185,011** | 174,256 | **-** | - |
| - not contracted | **-** | 77,143 | **-** | - |
| | **185,011** | 251,399 | **-** | - |
| Total capital commitments | **536,278** | 507,925 | **4,653** | 13,594 |

**49. OPERATING LEASE COMMITMENTS**

*The Group as lessee*

The Group leases premises from various parties under operating leases. These leases comprise non-cancellable leases and typically run for periods ranging from one to five years, with option to renew the leases after the expiry dates. There are no restrictions placed on the Group by entering into these leases. Certain of the leases include contingent rental arrangements computed based on sales achievement if higher than fixed base rents.

The future aggregate minimum lease payments under the non-cancellable operating leases contracted for as at the end of the reporting period but not recognised as liabilities are as follows:

| | **Group** | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| - within one year | **27,408** | 24,179 |
| - later than one year but not later than five years | **23,176** | 24,426 |
| - later than five years | **493** | 510 |
| | **51,077** | 49,115 |

*The Group as lessor*

The Group leases out its investment properties under cancellable and non-cancellable operating leases. These leases typically run for a period of one to three years with option to renew the leases after the expiry date. Certain of the leases include contingent rental arrangements computed based on sales achievement if higher than fixed base rents.

The future aggregate minimum lease payments receivable under the non-cancellable operating leases contracted for as at the end of the reporting period but not recognised as assets are as follows:

| | **Group** | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| - within one year | **3,924** | 3,220 |
| - later than one year but not later than five years | **5,223** | 3,280 |
| | **9,147** | 6,500 |

## 50. SEGMENTAL REPORTING

The Group's operating and reportable segments (excluding associates and jointly controlled entity) are business units engaging in providing different products and services and operating in different geographical locations.

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2011: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

| | | |
|---|---|---|
| (i) | Grains trading, flour and feed milling | - Wheat and maize trading, flour milling and manufacturing of animal feed |
| (ii) | Marketing, distribution and manufacturing of consumer products | - Marketing and distribution of edible oils and consumer products; manufacturing of toilet requisites and household products |
| (iii) | Film exhibition and distribution | - Exhibition and distribution of cinematograph films |
| (iv) | Environmental engineering, waste management and utilities | - Construction works specialising in water and environmental industry and provision of waste management services |
| (v) | Property investment and development | - Letting of commercial properties and development of residential and commercial properties |
| (vi) | Chemicals trading and manufacturing | - Trading and manufacturing of chemical products |
| (vii) | Livestock farming | - Production of day-old chicks, eggs and other related downstream activities |
| (viii) | Investments in equities | - Investments in quoted and unquoted shares |
| (ix) | Other operations | - Packaging, oil palm plantations, investment holding, engineering contracts, production and distribution of frozen food and bakery products, shipping and others |

Transactions between segments are entered into in the normal course of business and are established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

## 50. SEGMENTAL REPORTING (continued)

| 2012 | Grains trading, flour & feed milling RM'000 | Marketing, distribution & manufacturing of consumer products RM'000 | Film exhibition & distribution RM'000 | Environmental engineering, waste management & utilities RM'000 | Property investment & development RM'000 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| External sales | 1,751,745 | 388,579 | 289,681 | 155,129 | 79,081 |
| Inter-segment sales | 95,822 | 4 | - | 59 | 1,683 |
| Total revenue | 1,847,567 | 388,583 | 289,681 | 155,188 | 80,764 |
| **RESULTS** | | | | | |
| Segment results | 122,386 | 19,521 | 39,788 | 9,476 | 22,291 |
| Share of associates' profits | 13,426 | - | 607 | 2,877 | 1,677 |
| Share of joint venture's profit | - | - | - | 4,211 | - |
| Interest income | | | | | |
| Finance costs | | | | | |
| Unallocated corporate expense | | | | | |
| Profit before tax | | | | | |
| Income tax expense | | | | | |
| Profit for the year | | | | | |
| **OTHER INFORMATION** | | | | | |
| Segment assets | 1,282,686 | 193,099 | 242,835 | 71,224 | 302,641 |
| Investments in associates | 180,683 | - | 3,828 | 34,766 | 115,015 |
| Investment in joint venture | - | - | - | 51,728 | - |
| Bank deposits | | | | | |
| Tax assets | | | | | |
| Unallocated corporate assets | | | | | |
| Consolidated total assets | | | | | |
| Segment liabilities | 154,042 | 34,865 | 67,743 | 44,003 | 14,331 |
| Borrowings | | | | | |
| Tax liabilities | | | | | |
| Unallocated corporate liabilities | | | | | |
| Consolidated total liabilities | | | | | |
| Capital expenditure | 122,193 | 2,035 | 34,884 | 3,031 | 13,227 |
| Unallocated corporate capital expenditure | | | | | |
| Amortisation and depreciation | 33,047 | 3,509 | 37,816 | 1,400 | 5,204 |
| Unallocated corporate amortisation and depreciation | | | | | |
| Non-cash items other than amortisation and depreciation | 28,140 | 417 | 65 | (491) | 268 |
| Impairment of property, plant and equipment and impairment of investment property written back | - | - | 1,060 | - | (44) |
| Unallocated corporate non-cash items other than amortisation and depreciation | | | | | |

| Chemicals trading & manufacturing RM'000 | Livestock farming RM'000 | Investments in equities RM'000 | Other operations RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| 89,287 | 58,796 | 11,934 | 193,694 | - | 3,017,926 |
| 26,943 | 18,826 | - | 14,700 | (158,037) | - |
| 116,230 | 77,622 | 11,934 | 208,394 | (158,037) | 3,017,926 |
| | | | | | |
| 1,757 | (29,296) | 13,498 | (1,723) | 334 | 198,032 |
| - | - | - | 693,958 | - | 712,545 |
| - | - | - | - | - | 4,211 |
| | | | | | 30,005 |
| | | | | | (8,555) |
| | | | | | (19,424) |
| | | | | | 916,814 |
| | | | | | (48,617) |
| | | | | | 868,197 |
| | | | | | |
| 54,100 | 110,104 | 617,710 | 363,930 | (31) | 3,238,298 |
| - | - | - | 10,959,505 | - | 11,293,797 |
| - | - | - | - | - | 51,728 |
| | | | | | 956,651 |
| | | | | | 27,141 |
| | | | | | 11,734 |
| | | | | | 15,579,349 |
| 14,988 | 2,696 | - | 19,186 | (813) | 351,041 |
| | | | | | 373,834 |
| | | | | | 85,103 |
| | | | | | 4,000 |
| | | | | | 813,978 |
| 2,635 | 1,195 | - | 15,737 | - | 194,937 |
| | | | | | 1,936 |
| | | | | | 196,873 |
| 2,320 | 5,733 | - | 13,365 | - | 102,394 |
| | | | | | 401 |
| | | | | | 102,795 |
| | | | | | |
| 18 | 3,472 | (1,333) | 949 | - | 31,505 |
| | | | | | |
| - | - | - | - | - | 1,016 |
| | | | | | (535) |
| | | | | | 31,986 |

## 50. SEGMENTAL REPORTING (continued)

| 2011 | Grains trading, flour & feed milling RM'000 | Marketing, distribution & manufacturing of consumer products RM'000 | Film exhibition & distribution RM'000 | Environmental engineering, waste management & utilities RM'000 | Property investment & development RM'000 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| External sales | 1,545,329 | 375,260 | 283,274 | 154,316 | 35,516 |
| Inter-segment sales | 90,918 | - | - | 56 | 1,545 |
| Total revenue | 1,636,247 | 375,260 | 283,274 | 154,372 | 37,061 |
| **RESULTS** | | | | | |
| Segment results | 134,999 | 19,403 | 37,427 | 9,785 | 15,569 |
| Share of associates' profits | 16,149 | - | 905 | 2,456 | 4,621 |
| Share of joint venture's profit | - | - | - | 4,564 | - |
| Interest income | | | | | |
| Finance costs | | | | | |
| Unallocated corporate expense | | | | | |
| Profit before tax | | | | | |
| Income tax expense | | | | | |
| Profit for the year | | | | | |
| **OTHER INFORMATION** | | | | | |
| Segment assets | 1,114,056 | 191,399 | 252,787 | 68,807 | 275,855 |
| Investments in associates | 76,210 | - | 4,142 | 32,143 | 119,751 |
| Investment in joint venture | - | - | - | 51,669 | - |
| Bank deposits | | | | | |
| Tax assets | | | | | |
| Unallocated corporate assets | | | | | |
| Consolidated total assets | | | | | |
| Segment liabilities | 118,069 | 26,804 | 61,696 | 42,373 | 12,857 |
| Borrowings | | | | | |
| Tax liabilities | | | | | |
| Unallocated corporate liabilities | | | | | |
| Consolidated total liabilities | | | | | |
| Capital expenditure | 39,462 | 7,338 | 36,117 | 1,104 | 1,820 |
| Unallocated corporate capital expenditure | | | | | |
| Amortisation and depreciation | 31,637 | 3,209 | 36,939 | 1,489 | 4,642 |
| Unallocated corporate amortisation and depreciation | | | | | |
| Non-cash items other than amortisation and depreciation | 11,296 | 1,388 | 55 | 2,144 | 383 |
| Impairment of investment property written back | - | - | - | - | (34) |
| Unallocated corporate non-cash items other than amortisation and depreciation | | | | | |

| Chemicals trading & manufacturing RM'000 | Livestock farming RM'000 | Investments in equities RM'000 | Other operations RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| 96,087 | 85,295 | 23,137 | 112,325 | - | 2,710,539 |
| 29,221 | 23,776 | - | 13,843 | (159,359) | - |
| 125,308 | 109,071 | 23,137 | 126,168 | (159,359) | 2,710,539 |
| 1,168 | 12,671 | 10,454 | (11,977) | (1,112) | 228,387 |
| - | - | - | 790,489 | - | 814,620 |
| - | - | - | - | - | 4,564 |
| | | | | | 31,855 |
| | | | | | (5,808) |
| | | | | | (17,038) |
| | | | | | 1,056,580 |
| | | | | | (44,072) |
| | | | | | 1,012,508 |
| 51,663 | 117,448 | 598,568 | 349,013 | (201) | 3,019,395 |
| - | - | - | 10,808,308 | - | 11,040,554 |
| - | - | - | - | - | 51,669 |
| | | | | | 1,048,645 |
| | | | | | 31,948 |
| | | | | | 6,945 |
| | | | | | 15,199,156 |
| 11,215 | 3,164 | - | 16,394 | (476) | 292,096 |
| | | | | | 257,903 |
| | | | | | 83,882 |
| | | | | | 149 |
| | | | | | 634,030 |
| 3,819 | 7,151 | - | 42,741 | - | 139,552 |
| | | | | | 66 |
| | | | | | 139,618 |
| 2,063 | 5,549 | - | 8,662 | - | 94,190 |
| | | | | | 238 |
| | | | | | 94,428 |
| (4) | 28 | 9,663 | (415) | - | 24,538 |
| - | - | - | - | - | (34) |
| | | | | | (493) |
| | | | | | 24,011 |

## 50. SEGMENTAL REPORTING (continued)

(b) By geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Non-current assets other than investments in associates and jointly controlled entity, other investments and deferred tax assets are based on the geographical locations of the assets.

| | Revenue | | Carrying amount of non-current assets | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | **2,449,318** | 2,212,653 | **1,168,729** | 1,158,619 |
| Indonesia | **334,063** | 283,699 | **208,086** | 133,576 |
| Singapore | **62,357** | 59,012 | **60** | 51 |
| Other Asean countries | **144,362** | 126,792 | **34,364** | 28,772 |
| East Asia | **16,278** | 13,703 | **-** | 6 |
| Other Asian countries | **160** | 1,610 | **-** | - |
| European countries | **2,104** | 982 | **-** | - |
| America and Asia Pacific countries and others | **9,284** | 12,088 | **-** | - |
| | **3,017,926** | 2,710,539 | **1,411,239** | 1,321,024 |

## 51. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

| | Loans and receivables RM'000 | Available-for-sale RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Group** | | | | |
| **2012** | | | | |
| Other investments | - | 616,802 | 907 | 617,709 |
| Receivables | 572,370 | - | - | 572,370 |
| Derivative financial assets | - | - | 7,195 | 7,195 |
| Deposits, cash and bank balances | 1,050,084 | - | - | 1,050,084 |
| Total financial assets | **1,622,454** | **616,802** | **8,102** | **2,247,358** |

**51. FINANCIAL INSTRUMENTS (continued)**

| | Loans and receivables RM'000 | Available-for-sale RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Group** | | | | |
| **2011** | | | | |
| Other investments | - | 584,986 | 13,581 | 598,567 |
| Receivables | 435,580 | - | - | 435,580 |
| Derivative financial assets | - | - | 2,696 | 2,696 |
| Deposits, cash and bank balances | 1,134,522 | - | - | 1,134,522 |
| Total financial assets | 1,570,102 | 584,986 | 16,277 | 2,171,365 |
| **Company** | | | | |
| **2012** | | | | |
| Other investments | - | 591,988 | - | 591,988 |
| Receivables | 62,012 | - | - | 62,012 |
| Deposits, cash and bank balances | 617,061 | - | - | 617,061 |
| Total financial assets | **679,073** | **591,988** | **-** | **1,271,061** |
| **2011** | | | | |
| Other investments | - | 559,562 | - | 559,562 |
| Receivables | 61,664 | - | - | 61,664 |
| Deposits, cash and bank balances | 473,725 | - | - | 473,725 |
| Total financial assets | 535,389 | 559,562 | - | 1,094,951 |

## 51. FINANCIAL INSTRUMENTS (continued)

| | At amortised cost RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial liabilities** | | | |
| **Group** | | | |
| **2012** | | | |
| Payables | 304,553 | - | 304,553 |
| Borrowings | 373,834 | - | 373,834 |
| Derivative financial liabilities | - | 35,475 | 35,475 |
| Total financial liabilities | **678,387** | **35,475** | **713,862** |
| **2011** | | | |
| Payables | 270,595 | - | 270,595 |
| Borrowings | 257,903 | - | 257,903 |
| Derivative financial liabilities | - | 4,264 | 4,264 |
| Total financial liabilities | 528,498 | 4,264 | 532,762 |
| **Company** | | | |
| **2012** | | | |
| Payables | 19,706 | - | 19,706 |
| Borrowings | - | - | - |
| Total financial liabilities | **19,706** | **-** | **19,706** |
| **2011** | | | |
| Payables | 8,661 | - | 8,661 |
| Borrowings | 564 | - | 564 |
| Total financial liabilities | 9,225 | - | 9,225 |

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the end of the reporting period approximated or were at their fair value.

It was not practical to estimate the fair value of the Group's and of the Company's investments in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

**51. FINANCIAL INSTRUMENTS (continued)**

The following summarises the methods used in determining the fair value of financial instruments:

Other investments

Fair value of other investments has been determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

Fair value of forward foreign currency contracts has been determined by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of commodities futures and options has been determined by reference to current quoted market price for contracts with similar maturity profiles.

Other non-derivative financial instruments

Fair value of other non-derivatives is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined as follows:

| | |
|---|---|
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2: | Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3: | Inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

| **Group** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **2012** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Financial assets** | | | | |
| Other investments | 617,282 | - | - | 617,282 |
| Forward contracts | - | 6 | - | 6 |
| Futures and options contracts | - | 7,189 | - | 7,189 |
| | **617,282** | **7,195** | **-** | **624,477** |
| **Financial liabilities** | | | | |
| Forward contracts | - | 1,154 | - | 1,154 |
| Futures and options contracts | - | 34,321 | - | 34,321 |
| | **-** | **35,475** | **-** | **35,475** |

**51. FINANCIAL INSTRUMENTS (continued)**

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2011** | | | | |
| **Financial assets** | | | | |
| Other investments | 598,140 | - | - | 598,140 |
| Forward contracts | - | 1,796 | - | 1,796 |
| Futures and options contracts | - | 900 | - | 900 |
| | 598,140 | 2,696 | - | 600,836 |
| **Financial liabilities** | | | | |
| Forward contracts | - | 427 | - | 427 |
| Futures and options contracts | - | 3,837 | - | 3,837 |
| | - | 4,264 | - | 4,264 |

In 2012, the Company's other investments carried at fair value which was classified in Level 1 amounted to RM591.722 million (2011: RM559.296 million).

There were no transfers between Level 1 and Level 2 throughout the year.

**52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's activities are exposed to a variety of financial risks, including foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to financial risk management policies.

The Group enters into derivative instruments, principally forward, futures and options contracts to hedge its exposure to financial risks. The Group does not trade in derivative instruments.

There have been no significant changes in the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

The Group's management reviews and agrees on policies for managing each of the financial risks and they are summarised as follows:

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into in currencies other than its functional currencies. The Group enters into forward foreign currency contracts to limit its exposure to foreign currency receivables and payables, and on cash flows from anticipated transactions denominated in foreign currencies.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The currency exposures are disclosed in the respective notes to the financial statements.

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 December 2012. If the USD were to strengthen or weaken by 5% against RM with all other variables held constant, the Group profit after tax would increase or decrease by RM9.464 million (2011: RM10.677 million).

As other foreign currency denominated monetary items as at 31 December 2012 are not material, the sensitivity analysis has not been presented.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. If the USD were to strengthen or weaken by 5% against RM with all other variables held constant, the Group's equity would increase or decrease by RM321 million (2011: RM312 million).

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's bank borrowings and deposits placed with licensed banks and financial institutions.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2012. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group profit after tax would decrease or increase by RM1.402 million (2011: RM0.967 million), as a result of lower or higher interest expense on these borrowings.

(c) Price risk

The Group's exposure to price risk arises mainly from fluctuations in the prices of key raw materials. The Group manages this risk by using commodity futures and options to hedge its exposure.

The Group is also exposed to price risk arising from changes in value caused by movements in market price of its investments in quoted shares. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments only after thorough analysis.

A sensitivity analysis has been performed based on the quoted market prices of the Group's equity investments in quoted shares as at 31 December 2012. If the quoted market prices were to increase or decrease by 5% with all other variables held constant, the Group's and the Company's profit after tax and equity would increase or decrease by the amounts as shown below:

52. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

| | Group | | Company | |
|---|---|---|---|---|
| | Profit after tax RM'000 | Equity RM'000 | Profit after tax RM'000 | Equity RM'000 |
| **2012** | | | | |
| Other investments | **45** | **30,819** | **-** | **29,586** |
| **2011** | | | | |
| Other investments | 679 | 28,925 | - | 27,965 |

(d) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group's management has a credit policy in place to ensure that transactions are conducted with creditworthy counter parties.

The Group's credit risk is primarily attributable to trade receivables arising from the sale of goods.

Exposure to credit risk arising from sales made on deferred credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counter parties as a means of mitigating losses in the event of default.

Apart from a customer of a subsidiary of the Group, the Group does not have significant credit risk exposure to any single debtor or any group of debtors. The amount due from the said customer amounted to RM57.1 million (2011: RM nil) as at the end of the reporting period. The credit risk associated with trade receivables from this customer is mitigated by a charge on land valued at RM43.4 million and financial guarantees amounting to RM12.9 million pledged in favour of the subsidiary of the Group.

The Group seeks to invest its surplus cash safely by depositing it with licensed banks and financial institutions.

The ageing analysis of receivables which are trade in nature is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | Gross RM'000 | Impairment RM'000 | Gross RM'000 | Impairment RM'000 |
| **2012** | | | | |
| Not past due | 301,354 | - | - | - |
| Less than 30 days past due | 55,723 | - | 140 | - |
| Between 30 and 90 days past due | 42,403 | (17) | 104 | - |
| More than 90 days past due | 28,148 | (11,470) | 174 | (18) |
| | **427,628** | **(11,487)** | **418** | **(18)** |

**52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

| | Group | | Company | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Included under receivables | | | | |
| Trade receivables *(note 24)* | 426,765 | (11,487) | 418 | (18) |
| Amount due from associates *(note 25)* | 863 | - | - | - |
| | **427,628** | **(11,487)** | **418** | **(18)** |
| **2011** | | | | |
| Not past due | 227,884 | - | - | - |
| Less than 30 days past due | 59,320 | - | 133 | - |
| Between 30 and 90 days past due | 38,262 | - | 52 | - |
| More than 90 days past due | 30,647 | (12,998) | 59 | - |
| | 356,113 | (12,998) | 244 | - |
| Included under receivables | | | | |
| Trade receivables *(note 24)* | 354,886 | (12,998) | 244 | - |
| Amount due from associates *(note 25)* | 1,227 | - | - | - |
| | 356,113 | (12,998) | 244 | - |

Movements in the allowance for doubtful debts of trade receivables are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | **12,998** | 12,178 | **-** | - |
| Doubtful debts recognised | **1,218** | 4,787 | **18** | - |
| Doubtful debts written off | **(1,130)** | (3,007) | **-** | - |
| Doubtful debts written back | **(1,605)** | (964) | **-** | - |
| Exchange translation differences | **6** | 4 | **-** | - |
| At 31 December | **11,487** | 12,998 | **18** | - |

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group also seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring effective working capital management within the Group.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

| | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Group** | RM'000 | RM'000 | RM'000 | RM'000 |
| **2012** | | | | |
| Payables | 304,553 | - | - | 304,553 |
| Borrowings | 294,674 | 82,882 | 7,192 | 384,748 |
| Derivative financial liabilities | 35,475 | - | - | 35,475 |
| | **634,702** | **82,882** | **7,192** | **724,776** |
| **2011** | | | | |
| Payables | 270,595 | - | - | 270,595 |
| Borrowings | 219,827 | 48,168 | - | 267,995 |
| Derivative financial liabilities | 4,264 | - | - | 4,264 |
| | 494,686 | 48,168 | - | 542,854 |
| **Company** | | | | |
| **2012** | | | | |
| Payables | 19,706 | - | - | 19,706 |
| Borrowings | - | - | - | - |
| | **19,706** | **-** | **-** | **19,706** |
| **2011** | | | | |
| Payables | 8,661 | - | - | 8,661 |
| Borrowings | 564 | - | - | 564 |
| | 9,225 | - | - | 9,225 |

## 53. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group consists of equity attributable to the owners of the parent (i.e. share capital, reserves, retained earnings) and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in the Group's business operations. These initiatives may include adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the years ended 31 December 2012 and 31 December 2011.

Total borrowings to capital ratio was as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Share capital | **1,185,500** | 1,185,500 |
| Reserves | **13,085,875** | 12,876,111 |
| Total capital | **14,271,375** | 14,061,611 |
| Short-term borrowings | **288,596** | 213,136 |
| Long-term borrowings | **85,212** | 44,727 |
| Hire purchase liabilities | **26** | 40 |
| Total borrowings | **373,834** | 257,903 |
| Total borrowings to capital ratio (times) | **0.03** | 0.02 |

## 54. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 29 March 2013.

## 55. SUBSIDIARIES

The subsidiaries are as follows:

| Companies | Group's equity interest 2012 % | Group's equity interest 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| **FFM Berhad** | **80.0** | 80.0 | Malaysia | Investment holding, grains trading, flour milling and animal feed manufacturing |
| Johor Bahru Flour Mill Sdn Bhd | **100.0** | 100.0 | Malaysia | Flour milling and manufacturing of animal feed |
| * FFM (Sabah) Sdn Bhd | **100.0** | 100.0 | Malaysia | Manufacturing and trading of animal feed |
| * Cloverdale Trading Pte Ltd | **-** | 100.0 | Singapore | In the process of striking-off |
| Lamlewa Feedmill Sdn Bhd | **100.0** | 100.0 | Malaysia | Dormant |
| * FFM Feedmills (Sarawak) Sdn Bhd | **75.0** | 75.0 | Malaysia | Manufacturing and trading of animal feed |
| FFM Further Processing Sdn Bhd | **100.0** | 100.0 | Malaysia | Manufacturing and processing of nuggets and sausages |
| Mantap Aman Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |
| * PT Pundi Kencana | **51.0** | 51.0 | Indonesia | Flour milling |
| FFM Marketing Sdn Bhd | **100.0** | 100.0 | Malaysia | Distribution and marketing of edible oils and consumer products |
| FFM Flour Mills (Sabah) Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of management services |
| Taloh Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |
| Waikari Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |
| * Buxton Limited | **100.0** | 100.0 | Samoa | Investment holding |
| Katella Sdn Bhd | **-** | 100.0 | Malaysia | In the process of striking-off |
| Friendship Trading Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of transportation services |
| * Glowland Limited | **100.0** | 100.0 | Samoa | Investment holding |
| JBFM Flour Mill Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of management services |
| FFM Farms Sdn Bhd | **100.0** | 100.0 | Malaysia | Livestock breeding |
| FFM Pulau Indah Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of management services |
| * FFM Flour Mills (Sarawak) Sdn Bhd | **100.0** | 100.0 | Malaysia | Flour milling |
| FFM SMI Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |

55. SUBSIDIARIES (continued)

| Companies | Group's equity interest 2012 % | 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| * Vietnam Flour Mills Ltd | **100.0** | 100.0 | Socialist Republic of Vietnam | Flour milling |
| * VFM-Wilmar Flour Mills Company Limited | **51.0** | - | Socialist Republic of Vietnam | Pre-operating |
| Tego Sdn Bhd | **79.9** | 79.9 | Malaysia | Manufacturing of polyethylene and polypropylene woven bags and fabrics |
| Tego Multifil Sdn Bhd | **100.0** | 100.0 | Malaysia | Manufacturing and trading of polypropylene multi-filament yarns |
| * Tefel Packaging Industries Co Ltd | **100.0** | 100.0 | Union of Myanmar | Manufacturing and trading of polyethylene and polypropylene woven bags and fabrics |
| * Keen Trade Limited | **100.0** | 100.0 | British Virgin Islands | Trading of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics |
| Resolute Services Sdn Bhd | **-** | 100.0 | Malaysia | In the process of striking-off |
| The Italian Baker Sdn Bhd | **100.0** | 100.0 | Malaysia | Distribution and marketing of bakery products and provision of management services |
| **PPB Hartabina Sdn Bhd** | **100.0** | 100.0 | Malaysia | Property development |
| Kembang Developments Sdn Bhd | **100.0** | 100.0 | Malaysia | Rental of landed properties |
| South Island Mining Company Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding, iron-ore sales and oil palm cultivation |
| Seletar Sdn Bhd | **100.0** | 100.0 | Malaysia | Oil palm cultivation and property development |
| **Minsec Properties Bhd** | **100.0** | 100.0 | Malaysia | Dormant |
| **PPB Leisure Holdings Sdn Bhd** | **100.0** | 100.0 | Malaysia | Investment holding |
| Cathay Screen Cinemas Sdn Bhd | **100.0** | 68.3 | Malaysia | Property investment and investment holding |

**55. SUBSIDIARIES (continued)**

| **Companies** | **Group's equity interest 2012 %** | **2011 %** | **Country of incorporation** | **Principal activities** |
|---|---|---|---|---|
| Cathay Theatres Sdn Bhd | **100.0** | 100.0 | Malaysia | Property investment |
| Cathay Theatres (Sarawak) Sdn Bhd | **100.0** | 100.0 | Malaysia | Property investment |
| Golden Screen Cinemas Sdn Bhd | **100.0** | 100.0 | Malaysia | Exhibition and distribution of cinematograph films |
| Premier Cinemas Sdn Bhd | **100.0** | 100.0 | Malaysia | Exhibition of cinematograph films |
| Cinead Sdn Bhd | **100.0** | 100.0 | Malaysia | Advertising contractor and consultant |
| Glitters Café Sdn Bhd | **100.0** | 100.0 | Malaysia | Operator of cafés |
| Easi (M) Sdn Bhd | **60.0** | 60.0 | Malaysia | Provision of information technology solutions, consultation services and sales of related products and services |
| * Enterprise Advanced System Intelligence Pte Ltd | **100.0** | 100.0 | Singapore | Software development and software maintenance |
| Easi Ticketing Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of information technology services and sales of related products |
| GSC Movies Sdn Bhd | **100.0** | 100.0 | Malaysia | Distribution of cinematograph films |
| Golden Screen International Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |
| Kerry Golden Screens Limited | **60.0** | 60.0 | Hong Kong | Investment holding |
| **PPB Corporate Services Sdn Bhd** | **100.0** | 100.0 | Malaysia | Corporate secretarial, share registration and share nominee services |
| **Hexarich Sdn Bhd** | **100.0** | 100.0 | Malaysia | Investment holding |
| **Affluence Trading Sdn Bhd** | **100.0** | 100.0 | Malaysia | Ownership and operation of a Malaysian registered ship |
| **Federal Flour Mills Holdings Sdn Bhd** | **-** | 100.0 | Malaysia | In the process of striking-off |

55. SUBSIDIARIES (continued)

| Companies | Group's equity interest 2012 % | Group's equity interest 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| * **Masuma Trading Co Ltd** | **100.0** | 100.0 | Hong Kong | Investment holding |
| **Chemquest Sdn Bhd** | **55.0** | 55.0 | Malaysia | Trading in chemical products, investment holding and provision of management services |
| Products Manufacturing Sdn Bhd | **70.0** | 70.0 | Malaysia | Manufacture and wholesale of toilet requisites, household and chemical products |
| CQ Properties Sdn Bhd | **100.0** | 100.0 | Malaysia | Property investment |
| CWM Group Sdn Bhd | **100.0** | 100.0 | Malaysia | Construction works specialising in the water and environmental industry |
| Cipta Wawasan Maju Engineering Sdn Bhd | **70.0** | 70.0 | Malaysia | Builders and contractors for general engineering and construction works |
| SES Environmental Services Sdn Bhd | **50.1** | 50.1 | Malaysia | Investment holding |
| Solar Status Sdn Bhd | **100.0** | 100.0 | Malaysia | Investment holding |
| * AWS Sales & Services Sdn Bhd | **80.0** | 80.0 | Malaysia | Contractors for garbage collection and provision of management and other services in connection with garbage collection |
| Sitamas Environmental Systems Sdn Bhd | **70.0** | 70.0 | Malaysia | Provision of refuse disposal services |
| Zegwaard Bumianda Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of liquid waste disposal services |
| Entrol Systems Sdn Bhd | **100.0** | 100.0 | Malaysia | Letting of properties |
| Tunggak Menara Services Sdn Bhd | **100.0** | 100.0 | Malaysia | Provision of garbage collection and disposal services |
| Malayan Adhesives & Chemicals Sdn Bhd | **99.6** | 99.6 | Malaysia | Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding |

## 55. SUBSIDIARIES (continued)

| Companies | Group's equity interest 2012 % | Group's equity interest 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| * Chemquest (Overseas) Ltd | **100.0** | 100.0 | British Virgin Islands | Investment holding |
| * PT Healthcare Glovindo | **99.9** | 99.9 | Indonesia | Dormant |
| * Kerry Utilities Ltd | **50.0** | 50.0 | Samoa | Investment holding |
| * Kerry Utilities Ltd | **-** | 100.0 | Hong Kong | Deregistered in 2012 |
| * Beijing Kerry Veolia Waste Water Treatment Co Ltd | **51.0** | 51.0 | The People's Republic of China | Investment holding |
| * Beijing CQ Environmental Management Consultancy Services Co Ltd | **100.0** | 100.0 | The People's Republic of China | Provision of consultancy services |
| Cipta Quantum Sdn Bhd | **-** | 100.0 | Malaysia | In members' voluntary winding up |

* Subsidiaries not audited by Mazars

## 56. ASSOCIATES

The associates are as follows:

| Companies | Group's equity interest 2012 % | Group's equity interest 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| Shaw Brothers (M) Sdn Bhd | **34.0** | 34.0 | Malaysia | Property investment, investment holding and provision of management services |
| * Vita Tenggara Fruit Industries Sdn Bhd | **40.0** | 40.0 | Malaysia | Property development |
| Trinity Coral Sdn Bhd | **25.0** | 25.0 | Malaysia | Investment holding |
| Wisma Perak Sdn Bhd | **50.0** | 50.0 | Malaysia | Investment holding |
| Grenfell Holdings Sdn Bhd | **49.7** | 49.7 | Malaysia | Investment holding |

## 56. ASSOCIATES (continued)

| | Companies | Group's equity interest 2012 % | Group's equity interest 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|---|
| * | Kerry Flour Mills Ltd | **43.4** | 43.4 | Thailand | Wheat flour milling and distribution |
| | Kerry Leisure Concepts Sdn Bhd | **-** | 50.0 | Malaysia | In members' voluntary winding up |
| | Berjaya-GSC Sdn Bhd | **50.0** | 50.0 | Malaysia | Exhibition of cinematograph films |
| * | Ancom-Chemquest Terminals Sdn Bhd | **25.0** | 25.0 | Malaysia | Building, owning, operating, leasing and managing a chemical tank farm and warehouse |
| * | Worldwide Landfills Sdn Bhd | **40.0** | 40.0 | Malaysia | Management of environmental sanitary landfill and waste treatment |
| * | Veolia Water Kerry Water Services Ltd | **49.0** | 49.0 | Hong Kong | Investment holding |
| * | Kerry CQ JV Environmental Engineering Ltd | **50.0** | 50.0 | British Virgin Islands | Investment holding |
| * | Foodteller Sdn Bhd | **35.0** | 35.0 | Malaysia | Manufacturing and trading of pastry and related products |
| *# | Wilmar International Limited ("Wilmar") | **18.3** | 18.3 | Singapore | Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing |
| | PT Tri Persada Mulia | **30.0** | 30.0 | Indonesia | Manufacturing and trading of polypropylene woven bags |
| * | Silvercrest Season Sdn Bhd | **-** | 35.0 | Malaysia | In the process of striking-off |
| * | Kart Food Industries Sdn Bhd | **45.0** | 45.0 | Malaysia | Manufacturing and trading of food products |
| * | Kart Food Marketing Sdn Bhd | **45.0** | 45.0 | Malaysia | Dormant |
| * | Yihai (Chongqing) Foodstuffs Co., Ltd | **20.0** | 20.0 | The People's Republic of China | Pre-operating |

## 56. ASSOCIATES (continued)

| Companies | Group's equity interest 2012 % | 2011 % | Country of incorporation | Principal activities |
|---|---|---|---|---|
| * Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Pre-operating |
| * Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Flour milling |
| * Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Flour milling |
| * Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Pre-operating |
| * Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Flour milling |
| * Yihai (Zhoukou) Wheat Industries Co., Ltd | **20.0** | - | The People's Republic of China | Flour milling |
| * Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd | **20.0** | - | The People's Republic of China | Flour milling |
| Summit Bay Sdn Bhd | **35.0** | - | Malaysia | Film production |
| * Raintree Profits Sdn Bhd | **50.0** | - | Malaysia | Film production |

* Associates not audited by Mazars

# The Group considers Wilmar an associate by virtue of its ability to exercise significant influence over Wilmar's financial and operating policy decisions through board representation.

**56. ASSOCIATES (continued)**

The financial year ends of the associates are co-terminous with that of the Group except for the following:

| **Companies** | **Financial year end** |
|---|---|
| Shaw Brothers (M) Sdn Bhd | 31 March |
| Ancom-Chemquest Terminals Sdn Bhd | 31 May |

For the purpose of applying equity accounting, management financial statements of these associates are prepared to the same reporting date as the Group.

**57. JOINTLY CONTROLLED ENTITY**

The jointly controlled entity is as follows:

| | **Proportion of ownership interest 2012 %** | **Proportion of ownership interest 2011 %** | **Country of operation** | **Principal activities** |
|---|---|---|---|---|
| * Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant | **42.0** | 42.0 | The People's Republic of China | Own, operate and maintain a waste water treatment plant |

* Jointly controlled entity not audited by Mazars

## SUPPLEMENTARY INFORMATION

Realised and unrealised profits/(losses)

The following information has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

The retained profits/(losses) of the Group and the Company are analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total retained profits/(losses) of the Company and subsidiaries: | | | | |
| - Realised | **12,021,168** | 11,953,392 | **10,665,524** | 10,526,093 |
| - Unrealised | **(76,843)** | (44,950) | **(2,584)** | (2,631) |
| | **11,944,325** | 11,908,442 | **10,662,940** | 10,523,462 |
| Total share of retained profits/(losses) from associates: | | | | |
| - Realised | **96,022** | 81,735 | **-** | - |
| - Unrealised | **2,289** | 1,367 | **-** | - |
| - Wilmar International Limited * | **3,555,328** | 3,011,693 | **-** | - |
| Total share of retained profits from jointly controlled entity: | | | | |
| - Realised | **5,862** | 4,788 | **-** | - |
| | **15,603,826** | 15,008,025 | **10,662,940** | 10,523,462 |
| Less: consolidation adjustments | **(2,115,860)** | (2,096,651) | **-** | - |
| Total Group's and Company's retained profits as per accounts | **13,487,966** | 12,911,374 | **10,662,940** | 10,523,462 |

* Wilmar International Limited ("Wilmar") is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and Singapore Companies Act, Cap 50. As the breakdown is considered sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT 1965

We, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and LIM SOON HUAT, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 70 to 175 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the year ended on that date.

On behalf of the Board

**YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM**
**Director**

**LIM SOON HUAT**
**Director**

Kuala Lumpur
29 March 2013

# **STATUTORY** DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, LEONG CHOY YING, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 70 to 175 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

**LEONG CHOY YING**

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the
Federal Territory on this
29th day of March, 2013

Before me,

Mohd Zainal Abiddin bin Mohd Zainuddin
Commissioner for Oaths
Malaysia
No.W292

**Report on the Financial Statements**

We have audited the financial statements of PPB Group Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 70 to 175.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 55 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out on page 176 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MAZARS**
**No. AF: 1954**
**Chartered Accountants**

**CHONG FAH YOW**
**No. 3004/07/14 (J)**
**Chartered Accountant**

Kuala Lumpur
29 March 2013

The Group's achievements thus far,
can be attributed to three interdependent factors;

# PEOPLE

Bridging boundaries and connecting with communities.

# PASSION

Exceeding expectations and delivering excellence.

# BRAND

Building goodwill and trust through quality and choice.


# 04 THE PROPERTIES & SHAREHOLDINGS

# PROPERTIES OWNED BY PPB GROUP BERHAD
## AND ITS SUBSIDIARIES

| Location | Description & existing use of properties | Date of acquisition /revaluation | Age of buildings in years | Land area | Tenure | Year of expiry | Net book value at 31.12.2012 RM'000 |
|---|---|---|---|---|---|---|---|
| **STATE OF KEDAH** | | | | | | | |
| Cathay Alor Setar<br>1, Jln Limbong Kapal,<br>05000 Alor Setar | Property leased out | 16.4.1990 | - | 3,901 sq metres | Freehold | - | 805 |
| Cathay Sungai Petani<br>11, Jln Bank, 08000 Sg Petani | Property leased out | 16.4.1990 | >50 | 830 sq metres | Freehold | - | 338 |
| 31 Jln Kampung Baru<br>08000 Sg Petani | Land for property development | 7.11.1991 | - | 11,339 sq metres | Freehold | - | 1,084 |
| Lot 28, 57, 65, 1010, 1011,<br>1122-1124, 1128, 1137, 1139,<br>1142, 1242, 1273, 1279, 1289, 1290,<br>1292, 1294, 1664 & 1665,<br>Mukim Semeling, Daerah Kuala Muda | Oil palm estate | 13.4.1981 | - | 569 hectares | Freehold | - | 7,611 |
| Lot 36-39, 50-51, 108,<br>3132-3135, Mukim of Ayer Puteh<br>Gurun | Poultry breeder farm & oil palm plantation | 21.2.1995 | 16 | 103 hectares | Freehold | - | 11,644 |
| **STATE OF PENANG** | | | | | | | |
| Lot No 31, 336-339, 342,<br>343 & 438, Section 15,<br>City of Georgetown | Commercial building leased out | 30.9.1976 | 6 | 2 hectares | Freehold | - | 17,688 |
| Plot 352-355 & 362-364,<br>Tingkat Perusahaan Tiga,<br>Seberang Prai Tengah | Factory and office building leased out | 28.4.1989 | 36 | 24,922 sq metres | Leasehold | 2110 | 8,628 |
| Plot 99(1), MK1<br>Tingkat Perusahaan Dua,<br>Seberang Prai Tengah | Factory & warehouse building | 25.11.1982 | 30 | 21,092 sq metres | Leasehold | 2110 | 8,400 |
| Plot 100(1), MK1<br>Tingkat Perusahaan Dua,<br>Seberang Prai Tengah | Factory & warehouse building | 10.2.1989 | 30 | 13,491 sq metres | Leasehold | 2110 | 22,263 |
| Plot 571, MK13<br>Tingkat Perusahaan Dua,<br>Seberang Prai Tengah | Industrial land | 4.11.1990 | - | 1,305 sq metres | Leasehold | 2110 | 207 |
| Odeon Penang<br>130, Penang Road,<br>10000 Penang | Property leased out | 16.4.1990<br>16.4.1990 | 66<br>- | 1,084 sq metres<br>281 sq metres | Freehold<br>Leasehold | -<br>2038 | 434<br>82 |
| Dalit Cinema<br>Kompleks Tun Abdul Razak,<br>Lebuh Tek Soon, 10000 Penang | Shoplot leased out | 16.4.1990 | 32 | 3,332 sq metres | Leasehold | 2082 | 4,271 |
| Cathay Bukit Mertajam<br>14, Jln Aston,<br>14000 Bukit Mertajam | Property leased out | 16.4.1990<br>16.4.1990<br>16.4.1990 | 57<br>-<br>- | 1,092 sq metres<br>282 sq metres<br>166 sq metres | Freehold<br>Freehold<br>Leasehold | -<br>-<br>2054 | 337<br>100 |

| Location | Description & existing use of properties | Date of acquisition /revaluation | Age of buildings in years | Land area | Tenure | Year of expiry | Net book value at 31.12.2012 RM'000 |
|---|---|---|---|---|---|---|---|
| 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B & 22C, Beach Street, 10300 Penang | 2 storey shophouses | 31.3.1981 | > 50 | 2,526 sq metres | Freehold | - | 10,230 |
| 2 & 4, Church Street, 10300 Penang | 2 storey shophouses | | | | | | |
| **STATE OF PERAK** | | | | | | | |
| Cathay Ipoh 60, Jln Dato' Onn Jaafar, 30300 Ipoh | Property leased out | 16.4.1990 | 56 | 4,494 sq metres | Freehold | - | 1,071 |
| Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh | Office building & warehouse | 3.10.1991 | 19 | 8,018 sq metres | Leasehold | 2045 | 1,083 |
| Block G4 & G5, Lumut Industrial Park, Lumut | Factory leased out | 28.12.1995 | 16 | 80,940 sq metres | Leasehold | 2105 | 5,772 |
| Lot 950, Batu 9, Sg Limau, 34850 Trong | Layer farm & oil palm plantation | 25.10.1996 | 14 | 220 hectares | Freehold | - | 37,411 |
| **STATE OF SELANGOR** | | | | | | | |
| Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang | Factory, warehouse & vacant industrial land | 6.6.1995 | 5 to 11 | 208,156 sq metres | Leasehold | 2097 | 151,699 |
| Lot 2824-2827 & PT 45125, Mukim Sg Buloh, District of Kuala Lumpur | Warehouse cum office & vacant industrial land | 19.10.1993 1.6.1994 | 15 | 243,415 sq metres | Freehold | - | 67,483 |
| 1-17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya | Nine 4 storey shop-houses & offices leased out | 16.4.1990 | 30 | 1,408 sq metres | Freehold | - | 2,878 |
| Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/8, Taman Megah, 47301 Petaling Jaya | Land leased out | 16.4.1990 | - | 13,631 sq metres | Freehold | - | 2,553 |
| Lot 9, Jln Utas 15/7, 40000 Shah Alam | Office building | 22.2.1993 | 42 | 33,946 sq metres | Leasehold | 2069 | 8,900 |
| Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam | Office building | 22.2.1993 | 24 | 11,458 sq metres | Leasehold | 2018 | 978 |
| 16/8A Jln Pahat, 40700 Shah Alam | Office building | 1.1.2004 | 32 | 3,837 sq metres | Leasehold | 2067 | 625 |
| **WILAYAH PERSEKUTUAN** | | | | | | | |
| 2nd Floor, Sungei Wang Plaza Jln Bukit Bintang 55100 Kuala Lumpur | Shoplot leased out | 16.4.1990 | 35 | 6,187 sq metres | Freehold | - | 24,641 |

# PROPERTIES OWNED BY PPB GROUP BERHAD
AND ITS SUBSIDIARIES

| Location | Description & existing use of properties | Date of acquisition /revaluation | Age of buildings in years | Land area | Tenure | Year of expiry | Net book value at 31.12.2012 RM'000 |
|---|---|---|---|---|---|---|---|
| Lot 2883, Jln Cheras, Kuala Lumpur | Land for property development | 9.3.1982 | - | 1,376 sq metres | Freehold | - | 101 |
| Lot 39727 & Lot 39729, Jln Cheras, Kuala Lumpur | Land for property development | 9.3.1982 | - | 3,582 sq metres | Leasehold | 2077 & 2080 | 263 |
| Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur | Shopping mall | 9.3.1982 | 18 | 21,225 sq metres | Leasehold | 2077 & 2080 | 58,174 |
| Cheras Plaza 11, Jln Manis 1, Taman Segar, 56100 Kuala Lumpur | Eight storey building & carpark | 9.3.1982 | 26 | 5,130 sq metres | Leasehold | 2077 & 2080 | 13,854 |
| LA 79200014, Layang Layang Town, Labuan | Vacant commercial building | 16.4.1990 | - | 9,941 sq metres | Leasehold | 2091 | 1,019 |
| **STATE OF NEGERI SEMBILAN** | | | | | | | |
| Lot 765 & 2100, Mukim of Linggi, District of Port Dickson | Poultry breeder farm | 12.3.1992 | 20 | 678,481 sq metres | Freehold | - | 15,827 |
| PT 1295, Senawang Industrial Estate, 70450 Seremban | Factory & office building | 30.6.1996 | 21 | 38,209 sq metres | Freehold | - | 11,281 |
| Lot 3978, Senawang Industrial Estate, 70450 Seremban | Factory & office building | 30.6.1996 | 16 to 41 | 27,066 sq metres | Leasehold | 2067 | 15,629 |
| GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang, 70000 Seremban | Cineplex | 26.2.1996 | 17 | 1,811 sq metres | Freehold | - | 4,324 |
| **STATE OF MALACCA** | | | | | | | |
| Lot 3.5, Cheng Industrial Estate | Office building & warehouse | 12.9.1992 | 17 | 4,940 sq metres | Leasehold | 2090 | 875 |
| H.S (D) 65173, PT 6667, Mukim of Krubong District of Melaka Tengah | Vacant | 8.9.2011 | - | 14,415 sq metres | Leasehold | 2107 | 4,397 |
| **STATE OF JOHOR** | | | | | | | |
| PTD119742, Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang | Factory & office building | 7.1.1989 | 28 to 36 | 36,891 sq metres | Leasehold | 2049 | 11,097 |
| Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang | Factory leased out | 10.10.1987 14.7.1988 | 16 to 24 | 121,490 sq metres | Leasehold | 2049 & 2050 | 22,332 |

| Location | Description & existing use of properties | Date of acquisition /revaluation | Age of buildings in years | Land area | Tenure | Year of expiry | Net book value at 31.12.2012 RM'000 |
|---|---|---|---|---|---|---|---|
| Cathay Muar<br>38, Jln Sayang,<br>84000 Muar | Property leased out | 16.4.1990 | 56 | 1,623 sq metres | Freehold | - | 316 |
| Lot 614 & 615,<br>Bandar Maharani, Jln Ali,<br>District of Muar | Land leased out | 16.4.1990 | - | 345 sq metres | Freehold | - | |
| Cathay Batu Pahat<br>91A Jln Rahmat,<br>83000 Batu Pahat | Property leased out | 16.4.1990 | >50 | 2,864 sq metres | Freehold | - | 393 |
| Odeon Batu Pahat<br>30 Jln Jenang,<br>83000 Batu Pahat | Property leased out | 16.4.1990 | >50 | 1,752 sq metres | Freehold | - | 544 |
| Plaza I & II Cinema<br>F-126, 1st Floor, Holiday Plaza,<br>Jln Dato Suleiman,<br>80250 Johor Bahru | Shoplot leased out | 31.7.1992 | 23 & 24 | 2,929 sq metres | Freehold | - | 10,689 |
| Lot 973, Mukim of Tebrau,<br>Johor Bahru | Warehouse & office building | 15.7.1996 | 13 | 34,981 sq metres | Freehold | - | 9,135 |
| **STATE OF PAHANG** | | | | | | | |
| Lot 6861, B-1770,<br>Taman Air Putih, Kuantan | Office building | 23.12.1986 | 45 | 149 sq metres | Freehold | - | 300 |
| 19, Jln IM 3/1,<br>Bandar Indera Mahkota,<br>25200 Kuantan | Office building & warehouse | 12.7.1997 | 14 | 7,810 sq metres | Leasehold | 2061 | 1,641 |
| **STATE OF KELANTAN** | | | | | | | |
| Lot 5049 PT 4090, Mukim Panchor,<br>Daerah Kemumin, Kota Bharu | Warehouse & office building | 30.12.2001 | 6 | 14,157 sq metres | Leasehold | 2063 | 2,651 |
| **STATE OF SARAWAK** | | | | | | | |
| Lot 2231, Pending Industrial<br>Estate, Kuching | Factory & office building | 13.11.1984<br>18.6.1987<br>15.3.1989 | 29 | 6,812 sq metres | Leasehold | 2040 | 3,419 |
| Lot 505 Block 8, Muara Tebas Land<br>District, Kuching | Factory & office building | 6.12.1999 | 9 | 21,350 sq metres | Leasehold | 2059 | 16,577 |
| Lot 137 Block 5, Undup Land<br>District, Sri Aman | Vacant agricultural land | 9.3.1996 | - | 18,130 sq metres | Leasehold | 2017 | 16 |
| Lot 1133 Block 8,<br>Muara Tebas Land District Kuching | Warehouse & office building | 17.5.2004 | 7 | 10,520 sq metres | Leasehold | 2064 | 3,520 |
| Cathay Kuching<br>Lot 31, Section 23, Khoo Hun Yeang<br>Street, 93700 Kuching | Property leased out | 16.4.1990 | >50 | 1,661 sq metres | Leasehold | 2802 | 373 |

# PROPERTIES OWNED BY PPB GROUP BERHAD
AND ITS SUBSIDIARIES

| Location | Description & existing use of properties | Date of acquisition /revaluation | Age of buildings in years | Land area | Tenure | Year of expiry | Net book value at 31.12.2012 RM'000 |
|---|---|---|---|---|---|---|---|
| Cathay Sibu<br>C.D.T, No 6 Raminway,<br>96007 Sibu | Property leased out | 16.4.1990 | 53 | 1,486 sq metres | Leasehold | 2110 | 704 |
| **STATE OF SABAH** | | | | | | | |
| 5½ mile, Jln Tuaran<br>Kolombong Industrial Estate,<br>Kota Kinabalu | Factory & office building | 10.10.1989 | 20 | 10,927 sq metres | Leasehold | 2032 | 3,149 |
| Lot No 6, Kota Kinabalu Industrial Park,<br>Off Jln Sepangar, Kota Kinabalu | Factory & office building | 19.10.2006 | 2 | 12,096 sq metres | Leasehold | 2097 | 29,191 |
| Lot 31, Industrial Zone 4,<br>Kota Kinabalu | Warehouse & office building | 24.7.2006 | 6 | 9,925 sq metres | Leasehold | 2098 | 3,291 |
| CL 075149325,<br>Karamunting, Sandakan | Land for expansion | 10.8.1996 | - | 58,315 sq metres | Leasehold | 2881 | 1,868 |
| Cathay Sandakan<br>Lot 2869, Third Street,<br>90007 Sandakan | Land leased out | 16.4.1990 | 56 | 1,282 sq metres | Leasehold | 2053 | 578 |
| Lot 2777, TL 077508788,<br>Lrg Gardenia & 60M North of<br>KM 24, Jln Utara, Sandakan | Land for future development | 16.4.1990 | - | 845 sq metres | Leasehold | 2061 | 155 |
| **INDONESIA** | | | | | | | |
| Jl.S.Gunungjati, LK.Lijajar Rt.13/06,<br>Kelurahan Tegalratu Kecamatan Ciwandan,<br>Kota Cilegon | Factory & office building | 26.1.2007<br>3.4.2007 | 4 | 31,723 sq metres | Leasehold | 2037 | 78,268 |

# STATEMENT OF SHAREHOLDINGS

AS AT 22 March 2013

| | |
|---|---|
| Authorised Share Capital | RM2,000,000,000 |
| Issued and Fully-Paid Capital | RM1,185,499,882 |
| Class of Shares | Ordinary Shares of RM1.00 each |
| Voting Rights | One vote per Ordinary Share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | % of Holders | No. of Shares | % of Issued Capital |
|---|---|---|---|---|
| Less than 100 | 832 | 7.61 | 20,769 | 0.00 |
| 100 - 1,000 | 3,203 | 29.31 | 2,176,357 | 0.18 |
| 1,001 - 10,000 | 4,968 | 45.47 | 20,270,750 | 1.71 |
| 10,001 - 100,000 | 1,594 | 14.59 | 47,958,019 | 4.05 |
| 100,001 to less than 5% of issued shares | 327 | 2.99 | 484,699,733 | 40.89 |
| 5% and above of issued shares | 3 | 0.03 | 630,374,254 | 53.17 |
| | **10,927** | **100.00** | **1,185,499,882** | **100.00** |

## DIRECTORS' INTERESTS IN SHARES

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | % of Issued Capital | No. of Shares | % of Issued Capital |
| **IN THE COMPANY** | | | | |
| Datuk Oh Siew Nam | 120,666 | 0.01 | 1,204,498 | 0.10 |
| **IN RELATED CORPORATIONS** | | | | |
| **Tego Sdn Bhd** | | | | |
| - Subsidiary | | | | |
| Datuk Oh Siew Nam | - | - | 18,000 | 0.10 |
| **Kuok Brothers Sdn Berhad** | | | | |
| - Holding Company | | | | |
| Datuk Oh Siew Nam | - | - | 4,966,667 | 0.99 |
| Lim Soon Huat | 200,000 | 0.04 | - | - |
| Ong Hung Hock | 290,000 | 0.06 | - | - |
| **Coralbid (M) Sdn Bhd** | | | | |
| - Subsidiary of Holding Company | | | | |
| Datuk Oh Siew Nam | - | - | 100,000 | 0.27 |

Other than as disclosed above, none of the Directors had any direct nor deemed interest in shares of the Company or its related corporations.

## SUBSTANTIAL SHAREHOLDERS

| Name of Substantial Shareholders | Direct Interest | | Deemed Interest | | Total | |
|---|---|---|---|---|---|---|
| | No. of Shares | % of Issued Capital | No. of Shares | % of Issued Capital | No. of Shares | % of Issued Capital |
| Kuok Brothers Sdn Berhad | 594,889,624 | 50.18 | 7,420,504 | 0.63 | 602,310,128 | 50.81 |
| Employees Provident Fund Board | 86,771,336 | 7.32 | - | - | 86,771,336 | 7.32 |

## THIRTY LARGEST SHAREHOLDERS

(as per Record of Depositors)

| | Name of Shareholders | No. of Shares | % of Issued Capital |
|---|---|---|---|
| 1. | Kuok Brothers Sdn Berhad | 472,711,372 | 39.87 |
| 2. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*For Employees Provident Fund Board* | 84,779,950 | 7.15 |
| 3. | Kuok Brothers Sdn Berhad | 72,882,932 | 6.15 |
| 4. | Kuok Brothers Sdn Berhad | 49,296,514 | 4.16 |
| 5. | Nai Seng Sdn Berhad | 40,826,500 | 3.44 |
| 6. | Kumpulan Wang Persaraan (Diperbadankan) | 31,069,900 | 2.62 |
| 7. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For Credit Suisse (SG BR-TST-Asing)* | 23,913,832 | 2.02 |
| 8. | Kuok Foundation Berhad | 17,119,720 | 1.44 |
| 9. | Cartaban Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For State Street Bank & Trust Company (West CLTOD67)* | 15,976,210 | 1.35 |
| 10. | Amanahraya Trustees Berhad<br>*For Amanah Saham Malaysia* | 12,640,200 | 1.07 |
| 11. | HSBC Nominees (Asing) Sdn Bhd<br>*BBH and Co. Boston*<br>*For Vanguard Emerging Markets Stock Index Fund* | 11,982,808 | 1.01 |
| 12. | Chinchoo Investment Sdn Berhad | 11,127,300 | 0.94 |
| 13. | UOB Kay Hian Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For UOB Kay Hian (Hong Kong) Limited - A/C Clients* | 10,558,452 | 0.89 |
| 14. | Amanahraya Trustees Berhad<br>*For Amanah Saham Wawasan 2020* | 10,461,300 | 0.88 |

| | Name of Shareholders | No. of Shares | % of Issued Capital |
|---|---|---|---|
| 15. | Maybank Securities Nominees (Asing) Sdn Bhd<br>*Maybank Kim Eng Securities Pte Ltd*<br>*For Sin Heng Chan (1960) Pte Ltd* | 10,100,000 | 0.85 |
| 16. | HSBC Nominees (Asing) Sdn Bhd<br>*BNY Brussels*<br>*For Market Vectors - Agribusiness ETF* | 9,376,600 | 0.79 |
| 17. | Amanahraya Trustees Berhad<br>*For Skim Amanah Saham Bumiputera* | 9,169,900 | 0.78 |
| 18. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For Morgan Stanley & Co. International PLC (Client)* | 8,297,600 | 0.70 |
| 19. | Citigroup Nominees (Asing) Sdn Bhd<br>*CBNY*<br>*For Dimensional Emerging Markets Value Fund* | 8,191,866 | 0.69 |
| 20. | Cartaban Nominees (Asing) Sdn Bhd<br>*Government of Singapore Investment Corporation Pte Ltd*<br>*For Government of Singapore (C)* | 7,034,300 | 0.59 |
| 21. | Valuecap Sdn Bhd | 6,000,000 | 0.51 |
| 22. | Gaintique Sdn Bhd | 5,933,300 | 0.50 |
| 23. | Ophir Holdings Berhad | 5,841,754 | 0.49 |
| 24. | Amanahraya Trustees Berhad<br>*For As 1Malaysia* | 5,624,200 | 0.47 |
| 25. | Key Development Sdn Berhad | 5,000,000 | 0.42 |
| 26. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For JPMorgan Chase Bank, National Association (U.A.E.)* | 4,998,872 | 0.42 |
| 27. | Keck Seng (Malaysia) Berhad | 4,891,728 | 0.41 |
| 28. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt AN*<br>*For JPMorgan Chase Bank, National Association (U.S.A.)* | 4,800,300 | 0.41 |
| 29. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Exempt AN*<br>*For American International Assurance Berhad* | 4,269,200 | 0.36 |
| 30. | Ang Poon Tiak | 3,510,000 | 0.30 |
| | | **968,386,610** | **81.68** |

# GROUP CORPORATE DIRECTORY

## ANIMAL FEED MANUFACTURING

A

**FFM Berhad**
***Main Office***
PT45125, Batu 15½, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person :
Dr Ong Choo Teik
(GM- Group Feed & Livestock)

**Johor Bahru Flour Mill Sdn Bhd**
***Main Office/Factory***
Lorong Pukal Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 07-2512211
Contact Person :
Mr Tan Hock Yong (MD)

**FFM (Sabah) Sdn Bhd**
***Main Office/Factory***
5½ Mile, Off Jalan Tuaran
Kolombong Industrial Estate
88450 Kota Kinabalu, Sabah
Tel : 088-426310
Contact Person :
Mr Chia Ngun How (D/GM)

**FFM Feedmills (Sarawak) Sdn Bhd**
***Main Office/Factory***
Lot 2231, Jalan Kilang
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-482751
Contact Person :
Mr Liew Tau Kuek (Acting GM)

## BAKERY

B

**The Italian Baker Sdn Bhd**
***Factory***
Lot 4 Jalan Perigi Nenas 6/1/KS 11
Taman Perindustrian Pulau Indah
42920 Pelabuhan Klang, Selangor
Tel : 03- 33256288
Contact Person :
Mr Jimmy Chang (D)

## CHEMICALS MANUFACTURING

C

**Malayan Adhesives & Chemicals Sdn Bhd**
***Main Office/Factory***
9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55661188
Contact Person :
Mr Huen Foo Seng (D/GM)

## CINEMA OPERATIONS

**Golden Screen Cinemas Sdn Bhd**
***Main Office***
1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-78068888
Contact Person :
Mr Irving Chee (GM)

## CONSUMER PRODUCTS DISTRIBUTION

**FFM Marketing Sdn Bhd**
***Main Office***
PT 45125, Batu 15½, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person :
Mr Luah Hong Wan (MD)

## CONTRACT MANUFACTURING

**Products Manufacturing Sdn Bhd**
***Main Office/Factory***
Lot PT 31-A1, A2 & A3, Industrial Area
Mukim Batu 6.5 Miles, Jalan Kepong
52000 Kuala Lumpur
Tel : 03-62528298
Contact Person :
Mr Khor Siang Chew (D/GM)

## FILM DISTRIBUTION

F

**GSC Movies Sdn Bhd**
***Main Office***
1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-78068888
Contact Person :
Mr Tung Yow Kong (GM)

## FLOUR MILLING

**FFM Berhad**
***Main Office***
PT 45125, Batu 15½, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person :
Mr Ong Hung Hock (MD)

**Johor Bahru Flour Mill Sdn Bhd**
***Main Office/Factory***
Lorong Pukal Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 07-2512211
Contact Person :
Mr Tan Hock Yong (MD)

**Vietnam Flour Mills Ltd**
***Factory***
My Xuan A Industrial Zone
Tan Thanh District
Ba Ria Vung Tau Province, Vietnam
Tel : 0084-64894883
Contact Person :
Mr Ray Chew (General Director)

**FFM Flour Mills (Sarawak) Sdn Bhd**
***Main Office/Factory***
Lot 505, Block 8, MTLD
Sejingkat Industrial Park, Jalan Bako
93050 Kuching, Sarawak
Tel : 082-439449
Contact Person :
Mr Terry Kho (Factory Manager)

**PT Pundi Kencana**
***Main Office***
Jl. Tanah Abang III No. 14
Jakarta Pusat, Jakarta 10160
Indonesia
Tel : 62-21 385 3624
Contact Person :
Mr Pua Koon Lee (President Director)

## FOOD PROCESSING F

### FFM Further Processing Sdn Bhd
***Main Office/Factory***
Lot 2, Seksyen 6, Pulau Indah
Industrial Park
k.s. 13, 42920 Klang, Selangor
Tel : 03-31011338
Contact Person :
Dr Adrian Majanil (D/GM)

## IT SERVICES I

### Easi (M) Sdn Bhd
***Main Office***
3A Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-78068856
Contact Person :
Mr Tung Yow Kong (GM)

## LIVESTOCK FARMING L

### FFM Farms Sdn Bhd
***Main Office***
PT 45125, Batu 15½, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person :
Dr Danny Soon (GM)

## PLANTATIONS AND EDIBLE OILS P

### Wilmar International Limited
***Main Office***
56 Neil Road, Singapore 088830
Tel : 65-62160244
Contact Person :
Ms Lim Li Chuen
(Head of Investor Relations)

| | | |
|---|---|---|
| M | - | Manager |
| D | - | Director |
| GM | - | General Manager |
| MD | - | Managing Director |
| COO | - | Chief Operating Officer |
| CEO | - | Chief Executive Officer |

## POLYBAG MANUFACTURING P

### Tego Sdn Bhd
***Main Office/Factory***
Lot 5-8, Lorong Senawang 2/1
Senawang Industrial Estate
70450 Seremban, Negeri Sembilan
Tel : 06-6773361
Contact Person :
Mr Boo Yew Leng (MD)

### Tego Multifil Sdn Bhd
***Factory***
Lot 9, Lorong Bunga Tanjung ½
Senawang Industrial Park
70400 Seremban, Negeri Sembilan
Tel : 06-6778721
Contact Person :
Mr Boo Yew Leng (D)

### Tefel Packaging Industries Co., Ltd
***Main Office/Factory***
Plot No. 247-A/248, Muse Street
Ward (23), Industrial Zone (1)
South Dagon Township
Yangon, Myanmar
Tel : 0095-1-590643
Contact Person :
Mr Cheng Kin Ming (D)

## PROPERTY INVESTMENT & DEVELOPMENT

### PPB Group Berhad (Property Division) PPB Hartabina Sdn Bhd
***Main Office***
7th Floor, Cheras Plaza
11 Jalan Manis 1, Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-91305088
Contact Person :
Mr Chew Hwei Yeow (COO)

### Cathay Screen Cinemas Sdn Bhd
***Main Office***
5B Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77299118
Contact Person :
Ms Carol Au (M)

## PROPERTY INVESTMENT & DEVELOPMENT P

### Seletar Sdn Bhd
***Main Office***
Simco House, Persiaran Sinar Mentari 1
08100 Bedong, Kedah
Tel : 04-4588129
Contact Person :
Mr Clarence Tan (GM)

## WASTE MANAGEMENT & ENVIRONMENTAL ENGINEERING W

### CWM Group Sdn Bhd
***Main Office***
Lot 12, Persiaran Kemajuan 16/16
40200 Shah Alam, Selangor
Tel : 03-55107800
Contact Person :
Mr Leong Yew Weng (CEO)

### Beijing CQ Environmental Management Consultancy Services Co. Ltd
***Main Office***
Unit 2308A Level 23, North Office
Tower Beijing Kerry Centre
1 Guang Hua Road,
Chao Yang District,
Beijing 100020, China
Tel : 00-8610-85298393
Contact Person :
Mr Ethan Pang (Financial Controller)

### Sitamas Environmental Systems Sdn Bhd
***Main Office***
Lot 15 Jalan Pahat 16/8A
40702 Shah Alam, Selangor
Tel : 03-55104008
Contact Person :
Mr Lim Cheng Kaai (GM)

### AWS Sales & Services Sdn Bhd
***Main Office***
2447 Lorong Perusahaan 6A
Prai Industrial Estate
13600 Prai, Penang
Tel : 04-3988600
Contact Person :
Mr Yap Eng Soon (GM)

# NOTICE OF
# ANNUAL GENERAL MEETING

| | |
|---|---|
| DATE/TIME : | TUESDAY, 14 MAY 2013 AT 10.00 AM. |
| VENUE : | SABAH ROOM, B2 LEVEL, SHANGRI-LA HOTEL KUALA LUMPUR, 11 JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, MALAYSIA. |

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of PPB Group Berhad will be held at the Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Tuesday, 14 May 2013 at 10.00 am for the following purposes :

**AS ORDINARY BUSINESS**

1. To receive the audited Financial Statements for the year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*

2. To approve the payment of a final single tier dividend of 13 sen per share in respect of the financial year ended 31 December 2012 as recommended by the Directors. *(Resolution 2)*

3. To approve the payment of Directors' fees of RM237,423/- for the financial year ended 31 December 2012. *(Resolution 3)*

4. To elect the following Directors who retire pursuant to Article 88 of the Articles of Association of the Company :
   4.1 Mr Ong Hung Hock *(Resolution 4)*
   4.2 Mr Soh Chin Teck *(Resolution 5)*

5. To re-elect Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid who retires pursuant to Article 107 of the Articles of Association of the Company. *(Resolution 6)*

6. To re-appoint Datuk Oh Siew Nam as a Director of the Company pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting of the Company.
   (See Explanatory Note 1) *(Resolution 7)*

7. To re-appoint Mazars as auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 8)*

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions, with or without modifications :

8. **Ordinary Resolution**
   **– Authority to issue shares pursuant to Section 132D of the Companies Act 1965**
   "THAT subject to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant authorities (if required), the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."
   (See Explanatory Note 2) *(Resolution 9)*

9. **Ordinary Resolution**
   **– Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
   The text of the above resolution together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 22 April 2013.
   (See Explanatory Note 3) *(Resolution10)*

10. **Special Resolution**
    **– Proposed amendments to the Articles of Association of the Company**
    The text of the above resolution together with details of the proposed amendments to the Articles of Association are set out in the Circular to Shareholders dated 22 April 2013.
    (See Explanatory Note 4) *(Resolution 11)*

11. To transact any other business of which due notice shall have been given.

## NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

Notice has been given on 27 February 2013 that subject to the approval of shareholders at the Annual General Meeting to be held on 14 May 2013, a final single tier dividend of 13 sen per share in respect of the financial year ended 31 December 2012 is payable on 3 June 2013 to members whose names appear in the Record of Depositors on 17 May 2013.

A Depositor shall qualify for entitlement in respect of :

i) Shares transferred into the Depositor's securities account before 4.00 pm on 17 May 2013 in respect of ordinary transfers; and
ii) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board
Mah Teck Keong (MAICSA 0820976)
Company Secretary

Kuala Lumpur
22 April 2013

**Appointment of Proxy**
- A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time for holding the AGM or any adjournment thereof.
- Other
  Only a depositor whose name appears on the Record of Depositors of the Company as at 3 May 2013 shall be regarded as a member of the Company entitled to attend, speak and vote at the AGM.

## EXPLANATORY NOTES

1) **Re-appointment of Director pursuant to Section 129(6) of the Companies Act 1965**
   Pursuant to Section 129(6) of the Companies Act 1965, a person of or over the age of 70 years who is proposed for appointment as a Director of the Company shall be appointed by a resolution passed by a majority of not less than three-fourths of the members of the Company present and voting in person or by proxy at a general meeting, and if so appointed, the Director shall hold office until the conclusion of the next AGM of the Company. The proposed Resolution 7, if passed, would enable Datuk Oh Siew Nam to hold office until the next AGM of the Company.

## SPECIAL BUSINESS

2) **Authority to issue shares pursuant to Section 132D of the Companies Act 1965**
The proposed Ordinary Resolution 9 is to seek a renewal of the general authority for the issue of new ordinary shares in PPB pursuant to Section 132D of the Companies Act 1965 which was approved by shareholders at the AGM held last year. The Company did not issue any new shares after the mandate was obtained at the last AGM.

The Company continuously seeks opportunities to broaden the operating base and earnings potential of the Group. This may require the issue of new shares not exceeding ten per centum (10%) of the Company's issued share capital.

The proposed Resolution 9, if passed, would enable the Company to avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the said authority has been given, the Company will make an announcement on the purpose and/or utilisation of proceeds arising from such issue.

3) **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
The proposed Ordinary Resolution 10 is to enable the Company's subsidiaries to enter into recurrent related party transactions which are necessary for PPB Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would also eliminate the need to make regular announcements to Bursa Securities or convene separate general meetings from time to time to seek shareholders' approval as and when recurrent related party transactions arise, thereby reducing substantial administrative time and expenses in convening such meetings.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 22 April 2013 despatched together with the Company's 2012 Annual Report.

4) **Proposed amendments to the Articles of Association of the Company**
The proposed Special Resolution 11 is to enable the Company to align its Articles of Association ("Articles") with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the proposed amendments to the Articles is set out in the Circular to Shareholders dated 22 April 2013 despatched together with the Company's 2012 Annual Report.

# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for (re)election or re-appointment are as follows :

a) Mr Ong Hung Hock
b) Mr Soh Chin Teck
c) Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
d) Datuk Oh Siew Nam

An assessment of the Board's performance, including the independence of the independent Directors, is carried out annually. The details of the above Directors are set out in the Directors' Profiles on pages 18 to 21 of the Annual Report.

Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 189 of the Annual Report.

PPB GROUP BERHAD (8167-W)

# FORM OF PROXY

I/We ........................................ NRIC/Passport No.: ........................................

of ........................................ Telephone No.: ........................................

being a member/members of PPB GROUP BERHAD hereby appoint the Chairman of the Meeting*

or ........................................ NRIC/Passport No.: ........................................

of ........................................

#and/ #or failing him/her ........................................ NRIC/Passport No.: ........................................

of ........................................

** Delete the words 'the Chairman of the Meeting' if you wish to appoint another person to be your proxy.*
*# Delete if not applicable.*

as my/our proxy to vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on Tuesday, 14 May 2013 at 10.00 am and at any adjournment thereof.

My/Our proxy is to vote as indicated below :

| **No.** | **Resolutions** | **For** | **Against** |
|---|---|---|---|
| 1 | To receive the audited Financial Statements for the year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. | | |
| 2 | To approve the payment of a final single tier dividend. | | |
| 3 | To approve the payment of Directors' fees. | | |
| 4 | To elect Mr Ong Hung Hock as Director. | | |
| 5 | To elect Mr Soh Chin Teck as Director. | | |
| 6 | To re-elect Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid as Director. | | |
| 7 | To re-appoint Datuk Oh Siew Nam as Director. | | |
| 8 | To re-appoint Mazars as Auditors of the Company. | | |
| 9 | To authorise the Directors to allot and issue shares. | | |
| 10 | To approve a shareholders' mandate for recurrent related party transactions of a revenue or trading nature. | | |
| 11 | To approve the amendments to the Articles of Association of the Company. | | |

*(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)*

The proportion(s) of my/our holding to be represented by my/our proxies is/are as follows :

| | |
|---|---|
| First Proxy | % |
| Second Proxy | % |
| Total | 100% |
| **No. of shares held** | |

Signed this ............ day of ............ 2013

Signature

**NOTES** :

i) A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

ii) Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

iii) The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.

iv) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time for holding the AGM or any adjournment thereof.

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**PPB GROUP BERHAD**
Letter Box No. 115,
12th Floor UBN Tower,
10 Jalan P Ramlee,
50250 Kuala Lumpur,
Malaysia

People Passion Brand

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50250 Kuala Lumpur, Malaysia
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**www.ppbgroup.com**