

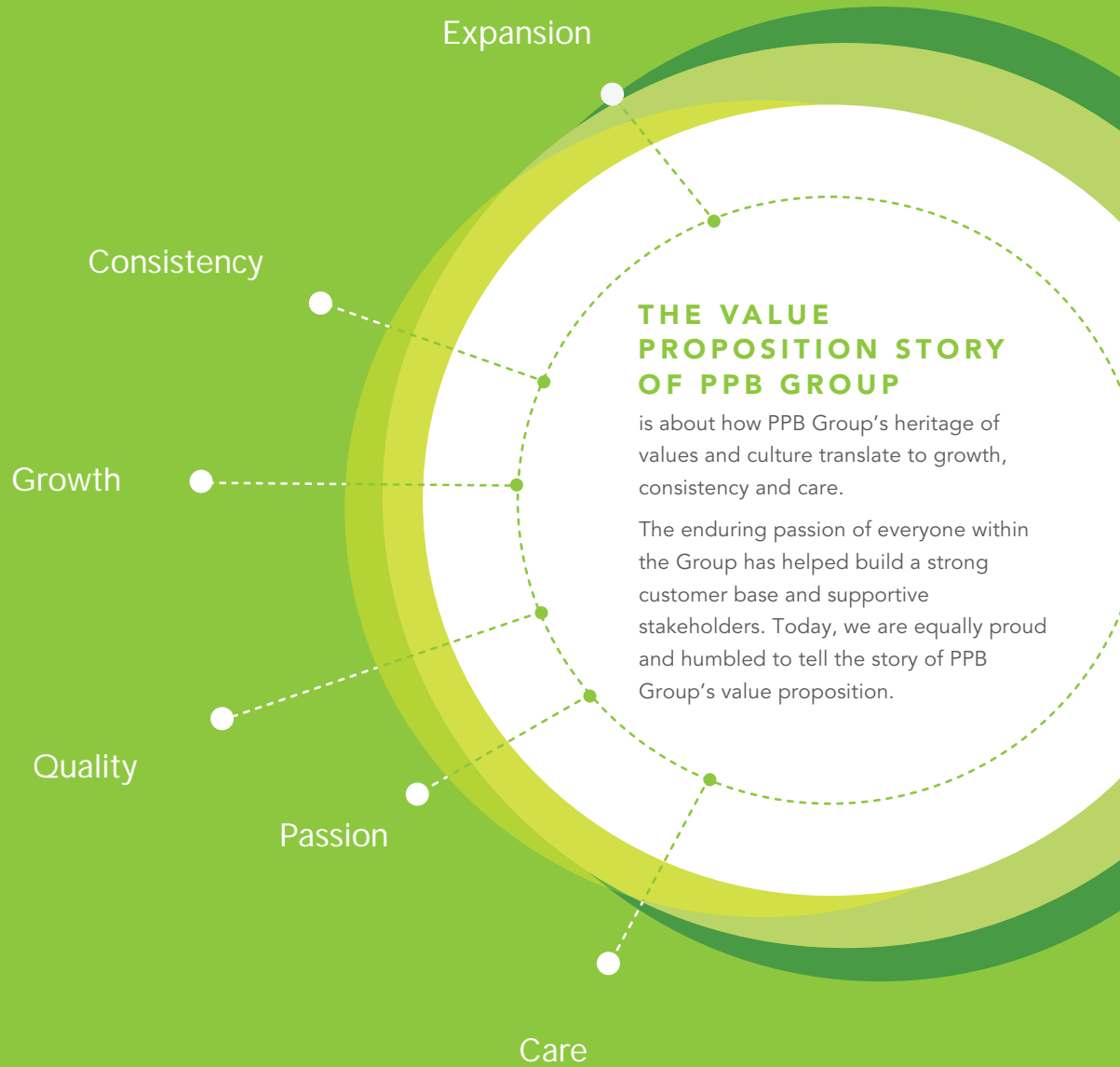


PPB GROUP BERHAD



The Value Proposition Story

ANNUAL REPORT 2013







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Form Of Proxy



THE VALUE PROPOSITION OF

GROWTH & EXPANSION

The Group adopts a pro-active approach to expansion through a balanced strategy and nurturing organic growth within its core operations. Our growth journey depends primarily on our capability to adapt to meet market demand by building trust with our customers and stakeholders.





THE CORPORATION

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CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of PPB Group Berhad, it gives me great pleasure to present the Annual Report and audited financial statements of the Company and the Group for the year ended 31 December 2013.

GROUP RESULTS

I am pleased to report that the Group delivered a strong set of results against a challenging and uncertain economic environment.

PPB Group recorded an increase in revenue of 10% to RM3.313 billion for 2013 with higher contribution from most of its segments and especially from the flour and feed milling, and grains trading segment which registered higher sales volume and improved selling prices of flour and feed.


Profit before tax was RM1.063 billion, up 16% from the year before. The increase was made possible by the stronger performance of most of the Group's business segments and higher profit contribution from Wilmar International Limited (Wilmar) of RM763 million as compared with RM694 million in 2012.

Profit for the year improved 14% to RM991 million and profit attributable to shareholders was RM983 million translating to earnings per share of 83 sen compared with 71 sen in 2012.

All figures in RM million	2013	2012	% Change
Revenue	3,313	3,018	10
Profit before tax	1,063	917	16
Profit for the year	991	868	14
Earnings per share (sen)	83	71	17



• Serian Water Treatment Plant in Sarawak



The Group is in a solid financial position with shareholders' funds of RM15.653 billion, cash and bank balances of RM965 million and debt-to-equity ratio of 3%.

With a strong cash flow and balance sheet coupled with efficient management of assets, the Group is well positioned to capitalise on investment opportunities to further enhance shareholder value.

DIVIDENDS

The Board is pleased to recommend a final single tier dividend of 17 sen per share and combined with the interim single tier dividend of 8 sen per share, would bring the total dividends for the financial year ended 31 December 2013 to 25 sen per share amounting to RM296 million.

The proposed final dividend is subject to shareholders' approval at the forthcoming 45th Annual General Meeting and if approved will be paid on 6 June 2014.

OVERVIEW OF OPERATIONS

FOOD MANUFACTURING ACTIVITIES

Flour and Feed Milling, and Grains Trading

The flour and feed milling, and grains trading division of the Group recorded an 11% improvement in revenue to RM2.052 billion driven by higher feed and flour volume sales and selling prices. However profits were marginally higher by 2% due to lower margins resulting from higher raw material cost and unfavourable foreign currency exchange movements.

The Group's strategic business decision to expand its flour milling business overseas especially in emerging and populated countries to cater for a wider market has led to increasing revenue and earnings contribution from this division.

In November 2013, PT Pundi Kencana, a 51%-subsidiary of the Group, commissioned its second 1,000 mt/day flour mill in Indonesia doubling its production capacity to 2,000 mt/day. In Vietnam, FFM Group completed the expansion of its 400 mt/day flour mill to 550 mt/day in Ba Ria, Vung Tau Province. The construction of a new 500 mt/day flour mill in northern Vietnam under its 51%-subsidiary, VFM-Wilmar Flour Mills Co Ltd, is underway to complement the mill in the south. Kerry Flour Mills Ltd, a 43.4%-associate of the Group, started construction of a new 270 mt/day flour mill this year which will increase its production capacity in Thailand to 670 mt/day.

In China, the Group under Waikari Sdn Bhd, invested 20% in nine flour mills with a total milling capacity of 14,950 mt/day. Eight of these mills with a total capacity of 13,750 mt/day have started operations and are expected to contribute positively to the Group's regional flour milling business in the near future.

On the domestic front, FFM Group plans to construct an additional 500 mt/day mill at its current premises in Pasir Gudang which would further improve efficiency and capacity of its Johor operations. The FFM Group currently owns five flour mills in the country with a total milling capacity of 2,550 mt/day.



• Packing of Duetto buns at The Italian Baker in Pulau Indah

Bakery

Since the initial launch of Massimo bread loaves and buns in 2011, the Group's brand of bakery products has steadily grown to be widely accepted by consumers in the country for its quality and taste. With growing demand, the current bread line of 10,000 loaves per hour reached capacity within a year of operation and a new 6,000 loaves-per-hour bread line commenced installation in 2013 which will be ready for production in the second half of this year.

In addition, a new fully-automated production line is being installed and a new range of Massimo products will be introduced in the second quarter of this year to complement the existing bakery products.

Frozen Foods

The frozen foods division performed well with increasing consumer demand from busy households for quick, convenient yet healthy meals. In the last quarter of 2013, FFM Further Processing introduced two new products, the Chicken Burger and Square Burger patties to their popular Marina frozen food offerings. They also started exports to Singapore with the approval from the Singapore Agro Veterinary Authority and Ministry of Health. To keep up with domestic demand and exports and improve output efficiency, the Group invested in new machineries to increase production output from 600 kg/hour to 1500 kg/hour.



Livestock Farming

The livestock farming business remains challenging in an oversupplied market compounded by continuous pressure on selling prices. Managing the risk of poultry disease outbreaks is another critical challenge faced by the farms.

Despite a difficult operating environment, this division managed to reduce losses significantly to RM7.5 million from RM29.3 million in the year before due to better selling prices of day-old-chicks and eggs, and higher sales volume. Upgrading of the ventilation system in poultry houses helped increase egg production and recovery from diseases resulted in higher egg and chick output.

Continual efforts are made to manage costs and improve production efficiency to turn the business around. In addition, we are constructing a new layer house in Trong, Perak which will increase egg production by 12%; and planning for broiler integration to further enhance the synergy of Group operations.

Marketing, Distribution And Manufacturing Of Consumer Products

The marketing, distribution and manufacturing of consumer products division registered profits of RM23.8 million on the back of higher revenue of RM404 million compared with RM389 million in 2012. The better performance was attributable to improved sales of agency products with better margins. With its wide distribution network and marketing track record, the Group was awarded sole distributorship of Snow Brand products comprising milk powder and table spreads.

Environmental Engineering, Waste Management And Utilities

For the year under review, this division achieved profit before tax of RM6.6 million as compared with RM9.5 million in 2012 due to lower revenue recorded as the engineering projects were at completion stages and revenue was recognised earlier.

Five projects were completed in 2013, including three water treatment plants and two pump stations. The environmental engineering group replenished their book order with nine projects with a combined contract value of RM300 million. Going forward, we will continue to bid for tenders of sewage infrastructure projects under the Greater KL Scheme and focus on water projects in line with the country's population growth.

CHAIRMAN'S STATEMENT

Film Exhibition And Distribution

The cinema operations registered 24% increase in profits to RM49.4 million driven by the opening of new cinemas and release of more blockbuster movies during the year. Film distribution also had an exceptional year with improved profits due to better than expected box office collections from titles distributed.

In 2013, Golden Screen Cinemas Sdn Bhd (GSC) entered the Sarawak market for the first time with the opening of an 8-screen multiplex at Bintang Megamall in Miri followed by a 10-screen multiplex at CityOne Megamall in Kuching to enthusiastic response. With these new openings, GSC now operates 233 screens in 27 locations.

The Group remains committed to strengthening and growing the cinema industry with the targeted opening of six new locations this year and another three in 2015, adding close to 100 new screens in the country at a budgeted cost of RM150 million.



• Galaxy Tan Binh

Always striving to be at the forefront in providing the best cinematic experience to our movie-goers, GSC launched Malaysia's first Dolby Atmos sound platform, the latest audio technology at GSC 1 Utama in December 2013 and completed the digital conversion of all its cinema halls nationwide. To complement the e-ticketing services offered, GSC e-combo was introduced in selected cinemas to allow movie-goers the convenience of buying their concessions simultaneously with movie tickets online and through mobile devices.

The Group acquired a 25% stake in Galaxy Studio Joint Stock Company, a leading cinema exhibitor and distributor in Vietnam which currently operates 18 screens in 4 locations in Ho Chi Minh City. This is the Group's first foray into the cinema business overseas which will provide us with the impetus to expand regionally particularly in Indochina.



• Galaxy Nguyen Trai

Property Investment And Development

The Group's property division recorded an increase of 54% in profits to RM34 million primarily from higher project management fees and rental income from Cheras LeisureMall. The Group's property activities cover property investment, property development and project management.

During the year under review, the Company acquired an effective 28% interest in Southern Marina Development Sdn Bhd which acquired about 12.5 acres of land in Puteri Harbour, Iskandar Malaysia for the proposed development of a mixed residential-commercial property project with a projected gross development value of over RM1 billion.

In February this year, the Group under PPB Hartabina Sdn Bhd, launched the sale of 14 high-end bungalows at Taman Tanah Aman in Seberang Prai to encouraging response despite the softening property market.

The Group is currently exploring the development and potential for several of the Group's commercial land in Penang and Selangor. It will continue to source for new land bank for future development when opportunities arise.



• Cheras LeisureMall, Kuala Lumpur



• Masera Bukit Segar Showhouse



• "Back to School" Project

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises that long term business success depends not only on delivering profits to shareholders but also on its ability to balance economic returns with positive and sustainable contributions to society and the environment. We will pursue this by applying our core values to guide our decision-making and operations.

During the year under review, the Group embarked on various CSR projects which are detailed in the Corporate Sustainability Statement on pages 41 to 49 of the Annual Report.

On the same note, the statements on corporate governance, and risk management and internal control are set out in separate sections in the Annual Report.

PROSPECTS AND CHALLENGES FOR 2014

The Group expects the global economic and business environment to register modest growth in view of gradual improvements in the high-income nations viz the United States, Japan and the United Kingdom.

The Malaysian economy is expected to remain on a steady growth of 4.5% - 5.5% in 2014 anchored by resilient domestic demand. Private investment is projected to register robust growth driven by the ongoing implementation of multi-year projects and improvement in external demand. Higher growth is anticipated in public investment supported by Government and public enterprise capital spending. Private consumption will be underpinned by healthy labour market conditions and sustained income growth whilst public consumption is expected to ease due to the ongoing fiscal consolidation.

[Source : Bank Negara Malaysia Annual Report 2013]

The Group remains focused on its core competencies and prudent management of investments to ensure the ongoing success of the Group in today's competitive market. The strength of the Group's diversified businesses and proven operational strategies have enabled us to deliver sustainable results and drive the Group's growth and future development.

Toward this end, the Group is committing RM440 million to invest in building new capacity and capability to grow its core businesses both domestically and regionally especially in the flour, bakery and cinema operations.

With the Group's strong presence in its core businesses in Malaysia and strategic expansion regionally, the Group operations expect to perform well in 2014. The Group's overall financial performance will also largely be supported by Wilmar's performance for the year.

DIRECTORATE

We are pleased to welcome Encik Ahmad Riza bin Basir and Madam Tam Chiew Lin who joined the Board on 25 July 2013.

Encik Ahmad Riza bin Basir is an Independent Non-executive Director and Chairman of the Nomination Committee. Madam Tam Chiew Lin is a Non-independent Non-executive Director and a member of the Audit and Remuneration Committees.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim retired as a Director at the 44th AGM held on 14 May 2013 and did not seek re-appointment. On behalf of the Board, I wish to record our thanks and appreciation to YM Raja Dato' Seri Aziz for his services and contributions to the Group.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders, customers, business partners and stakeholders for their unwavering support through the years.

To my fellow Board members, I wish to express my sincere appreciation for their invaluable support, contribution and guidance. I would also like to pay tribute to all the employees of the Group whose hard work and dedication have contributed to the continued success of the Group.

Datuk Oh Siew Nam
Chairman

28 March 2014



• *The Italian Baker's baking plant*

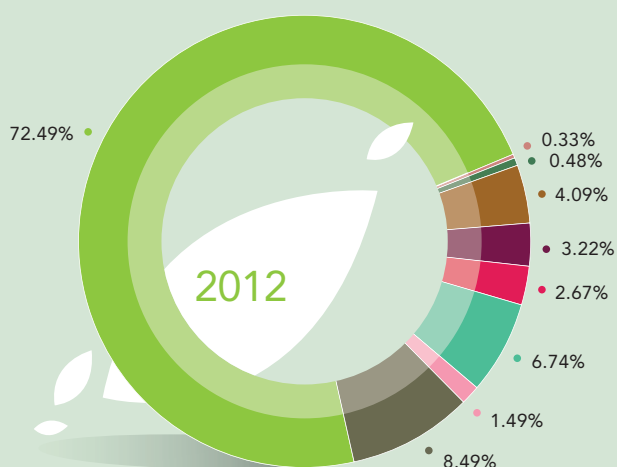
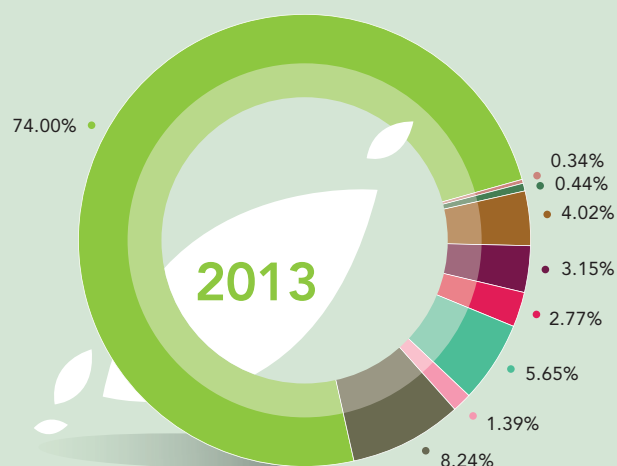


GROUP FINANCIAL HIGHLIGHTS

		2013 RM Million	2012 RM Million	% Change
INCOME STATEMENT				
Revenue		3,312.917	3,017.926	9.8
Profit before tax		1,063.417	916.814	16.0
Profit for the year		990.939	868.197	14.1
Profit attributable to owners of the parent		982.573	842.152	16.7
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		15,653.280	14,271.375	9.7
Total equity		16,191.897	14,765.371	9.7
RATIOS				
Return on equity attributable to owners of the parent	%	6.28	5.90	
Earnings per share	sen	82.88	71.04	
Interest coverage	times	78.95	108.17	
Current ratio	times	3.15	3.34	
Total borrowings/Equity	%	2.59	2.53	
Long-term borrowings/Equity	%	0.55	0.58	
Net assets per share attributable to owners of the parent	RM	13.20	12.04	
Operating cash flow per share	sen	18.97	11.97	
PE ratio	times	19.47	16.33	
Net dividend per share	sen	25.00	20.00	
31 December closing price	RM	16.14	11.60	

SIMPLIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS



NON-CURRENT ASSETS

- Property, plant and equipment, investment properties, biological assets, and other intangible assets
- Associates
- Joint venture
- Goodwill
- Other non-current assets

CURRENT ASSETS

- Inventories, biological assets and other intangible assets
- Trade receivables
- Cash, bank balances, deposits and short-term fund placements
- Other current assets

EQUITY & LIABILITIES



NON-CURRENT LIABILITIES & EQUITY

- Long-term borrowings
- Equity attributable to owners of the parent
- Other non-current liabilities
- Non-controlling interests

CURRENT LIABILITIES

- Trade payables
- Short-term borrowings
- Other current liabilities



DIRECTORS' PROFILES

1

DATUK OH SIEW NAM, 75

Chairman
Non-independent Executive Director
Member of Remuneration Committee

Date of Appointment

Director - 2 March 1988
Executive Chairman - 1 July 2004
Chairman - 1 February 2008

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.
- Assistant Controller of Telecom Malaysia for 5 years before joining FFM Berhad ("FFM") Group in 1968.
- Managing Director of FFM from 1982 to 2002, and Executive Chairman from 2002 to 2006.
- Board member of Bank Negara Malaysia since 1989.
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II).
- Chairman of PPB Oil Palms Berhad from 2004 to 2007.

Other Directorships in Public Companies

Kuok Foundation Berhad

2

MR LIM SOON HUAT, 49

Managing Director
Non-independent Executive Director

Date of Appointment

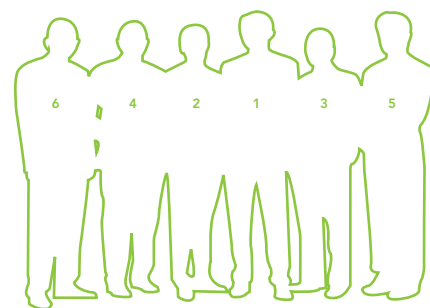
Director - 29 May 2008
Managing Director - 1 July 2012

Qualifications and Experience

- Bachelor of Science (Honours) degree in Statistics from Universiti Kebangsaan Malaysia.
- Many years of management experience in the field of finance, commodities trading, consumer goods manufacturing and marketing, hotel investments, sugar cane plantation and sugar milling operation.
- Held various senior executive positions in the Kuok Group of companies in Singapore, Thailand, Hong Kong, China and Indonesia.

Other Directorships in Public Companies

Ponderosa Golf & Country Resort Berhad



DIRECTORS' PROFILES

3

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, 64

Independent Non-executive Director
Member of Audit Committee
Chairman of Remuneration Committee

Date of Appointment

22 June 2009

Qualifications and Experience

- Qualified as a Master Mariner with a Masters Foreign - going Certificate of Competency from the United Kingdom in 1974.
- Diploma in Applied International Management from the Swedish Institute of Management.
- Attended the Advanced Management Program at Harvard University.
- Fellow of the Chartered Institute of Logistics and Transport and the Institut Kelautan Malaysia.
- Has over 40 years experience in the international maritime industry.

Other Directorships in Public Companies

WCT Holdings Berhad
Malaysian Bulk Carriers Berhad
GD Express Carrier Berhad

4

DATUK ONG HUNG HOCK, 60

Non-independent Non-executive Director
Member of Nomination Committee

Date of Appointment

1 July 2012

Qualifications and Experience

- Bachelor of Arts (Honours), University of Malaya.
- Held executive positions in marketing in various companies before joining FFM Berhad ("FFM") group in 1980.
- Previous Managing Director and Executive Chairman of FFM Marketing Sdn Bhd ("FMSB"), and is presently Chairman of FMSB.
- Appointed as director of FFM in October 2004 and has been Managing Director of FFM since March 2011.

Other Directorships in Public Companies

FFM Berhad

5

MR SOH CHIN TECK, 56

Independent Non-executive Director
Chairman of Audit Committee
Member of Nomination Committee

Date of Appointment

8 October 2012

Qualifications and Experience

- Bachelor of Economics, Monash University, Melbourne, Australia.
- Masters in Business Administration - International Management, RMIT University, Australia.
- Fellow member of the Institute of Chartered Accountants Australia.
- Member of the Malaysian Institute of Accountants.
- More than 13 years experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Presently Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

Other Directorships in Public Companies

Nil

6 ENCIK AHMAD RIZA BIN BASIR, 53
Independent Non-executive Director
Chairman of Nomination Committee

Date of Appointment

25 July 2013

Qualifications and Experience

- Bachelor of Law (Honours), University of Hertfordshire, United Kingdom.
- Barrister-at-Law (Lincoln's Inn), London.
- Called to the Malaysian Bar in 1986.
- Former partner of the law firm, Riza, Leong & Partners.
- Former Managing Director of Kumpulan FIMA Berhad.
- Former Director of Jerneh Asia Berhad (now known as JAB Capital Berhad) from 1996 to April 2012.
- Independent director of United Plantations Berhad since 2000.

Other Directorships in Public Companies

United Plantations Berhad

7 MADAM TAM CHIEW LIN, 63
Non-independent Non-executive Director
Member of Audit Committee
Member of Remuneration Committee

Date of Appointment

25 July 2013

Qualifications and Experience

- Fellow member of the Institute of Chartered Accountants in England and Wales (1975).
- Chartered Accountant - Malaysian Institute of Accountants.
- Public Accountant - Malaysian Institute of Certified Public Accountants.
- Diploma in Applied International Management - Swedish Institute of Management.
- Postgraduate Certificate in Banking and Finance - University of Wales, Bangor.
- Appointed as director of Jerneh Asia Berhad (now known as JAB Capital Berhad ("JAB")) in 1996; and subsequently appointed as Executive Director in 2000.
- Appointed as Managing Director of JAB group of companies from 2005 until her retirement at end-2012.
- Held various positions in the IMC group of companies from 1991 to 2000.

Other Directorships in Public Companies

JAB Capital Berhad

(Not in group photo)

NOTES

1. All the Directors are Malaysians.
2. None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.
3. None of the Directors had any convictions for any offences other than traffic offences within the past ten years.

GROUP CORPORATE STRUCTURE

as at 31 March 2014



PPB GROUP BERHAD

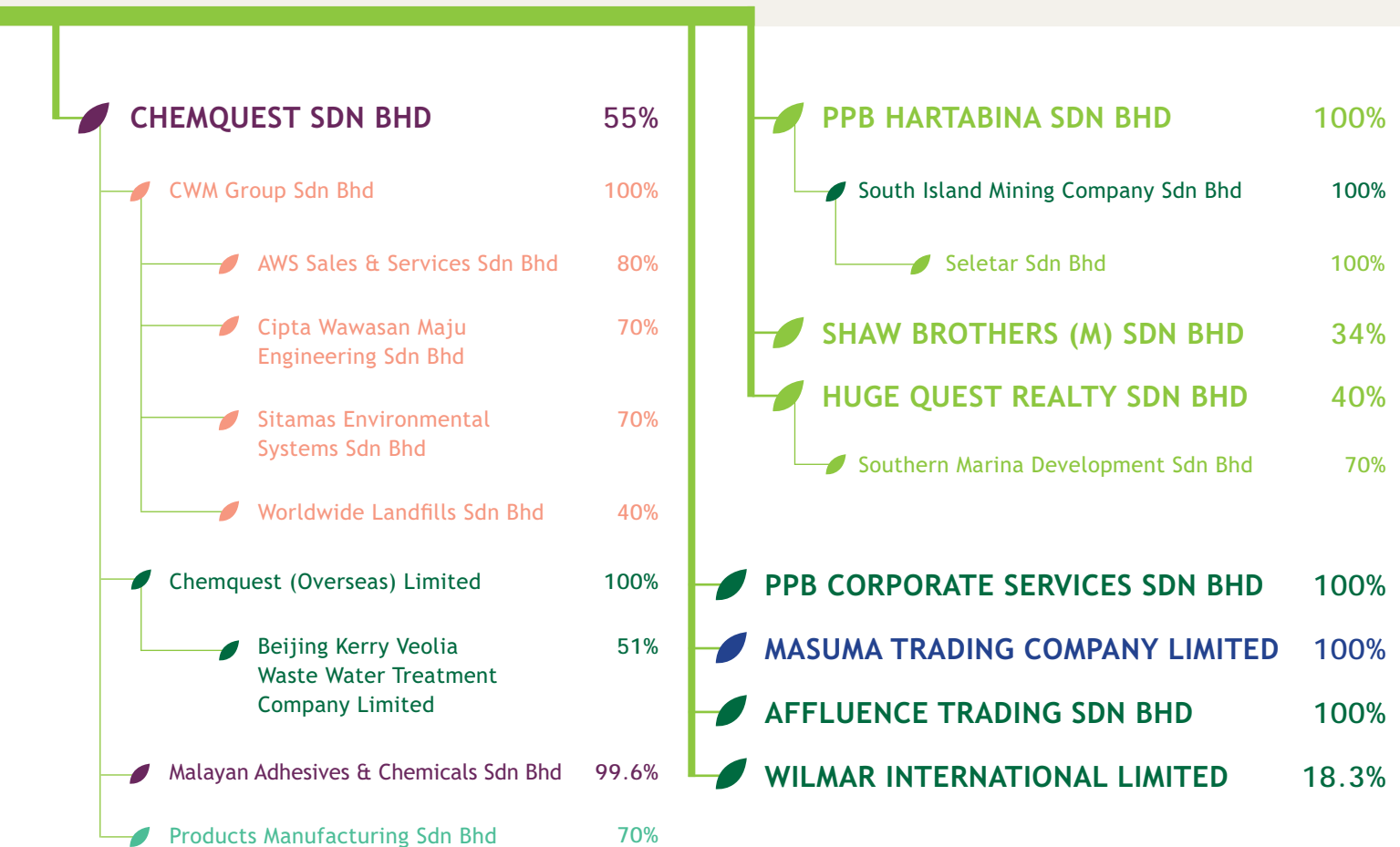
FFM BERHAD 80%

Johor Bahru Flour Mill Sdn Bhd	100%
FFM Flour Mills (Sarawak) Sdn Bhd	100%
Vietnam Flour Mills Ltd	100%
FFM Marketing Sdn Bhd	100%
FFM (Sabah) Sdn Bhd	100%
FFM Farms Sdn Bhd	100%
FFM Further Processing Sdn Bhd	100%
The Italian Baker Sdn Bhd	100%
Waikari Sdn Bhd	100%
Tego Sdn Bhd	79.9%
FFM Feedmills (Sarawak) Sdn Bhd	75%
PT Pundi Kencana	51%
VFM-Wilmar Flour Mills Company Limited	51%
Kerry Flour Mills Limited	43.4%

PPB LEISURE HOLDINGS SDN BHD 100%

Golden Screen Cinemas Sdn Bhd	100%
Cinead Sdn Bhd	100%
Glitters Café Sdn Bhd	100%
GSC Movies Sdn Bhd	100%
Berjaya-GSC Sdn Bhd	50%
GSC Vietnam Limited	100%
Galaxy Studio Joint Stock Company	25%
Cathay Screen Cinemas Sdn Bhd	100%
Easi (M) Sdn Bhd	60%
Easi Ticketing Sdn Bhd	100%

GROUP CORPORATE STRUCTURE



This chart features the main operating companies and does not include dormant and inactive companies.

Percentages shown indicate the Group's direct equity interest held.

-  Flour & feed milling, & grains trading
-  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
-  Others

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Oh Siew Nam
Chairman

Mr Lim Soon Huat
Managing Director

Mr Soh Chin Teck
Independent Non-executive Director

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Independent Non-executive Director

En Ahmad Riza bin Basir
Independent Non-executive Director

Datuk Ong Hung Hock
Non-independent Non-executive Director

Madam Tam Chiew Lin
Non-independent Non-executive Director

AUDIT COMMITTEE

Mr Soh Chin Teck
Chairman

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Madam Tam Chiew Lin

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chairman

Datuk Ong Hung Hock

Mr Soh Chin Teck

REMUNERATION COMMITTEE

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Datuk Oh Siew Nam

Madam Tam Chiew Lin

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTERED OFFICE

12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur
Telephone : 03-2726 0088
Facsimile : 03-2726 0099
Website : www.ppbgroup.com

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Amanah Malaysia Berhad

AUDITORS

Mazars
7th Floor South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur

REGISTRARS

PPB Corporate Services Sdn Bhd
12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur
Telephone : 03-2726 0088
Facsimile : 03-2726 0099

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Sector : Consumer Products
Stock Name : PPB
Stock Number : 4065
ISIN : MYL406500008
Reuters Code : PEPT.KL

PPB'S CORPORATE EVENTS AND INVESTOR RELATIONS ACTIVITIES

7 MARCH 2013

A Press and Analyst Briefing was held to review the financial results for the year ended 31 December 2012 and other matters.

14 MARCH 2013

Release of e-Investor Update for the 4th Quarter ended 31 December 2012.

22 APRIL 2013

Release of PPB's 2012 Annual Report and Investor Handbook.

14 MAY 2013

The 44th Annual General Meeting (AGM) of PPB was held to receive the audited financial statements for the year ended 31 December 2012 and approve other related AGM matters.

31 MAY 2013

Release of e-Investor Update for the 1st Quarter ended 31 March 2013.

27 AUGUST 2013

A Press and Analyst Briefing was held to review the financial results for the six months ended 30 June 2013 and other matters.

4 SEPTEMBER 2013

Release of e-Investor Update for the 2nd Quarter ended 30 June 2013.

11 OCTOBER 2013

A directors' training session was held and topics included "Global and Regional Macroscopic - Growth in Untested Transition"; "International Financial Reporting Standards - Making the Illogical Logical"; "Business Continuity Planning and Management"; "Assuring Food Safety and Quality"; and "Men's Health Unzipped; Women's Health Undressed".

9 DECEMBER 2013

Release of e-Investor Update for the 3rd Quarter ended 30 September 2013.

FINANCIAL CALENDAR

Financial Year From 1 January 2013 To 31 December 2013

RESULTS

1 st Quarter ended 31 March 2013	Announced on	17 May 13
2 nd Quarter ended 30 June 2013	Announced on	21 Aug 13
3 rd Quarter ended 30 September 2013	Announced on	25 Nov 13
4 th Quarter ended 31 December 2013	Announced on	28 Feb 14

DIVIDENDS

Interim Single Tier Dividend of 8 sen per share	Declared on	21 Aug 13
	Entitlement Date on	10 Sep 13
	Paid on	27 Sep 13
Proposed Final Single Tier Dividend of 17 sen per share	Announced on	28 Feb 14
	Entitlement Date on	20 May 14
	Payable on	06 Jun 14

CORPORATE GOVERNANCE STATEMENT

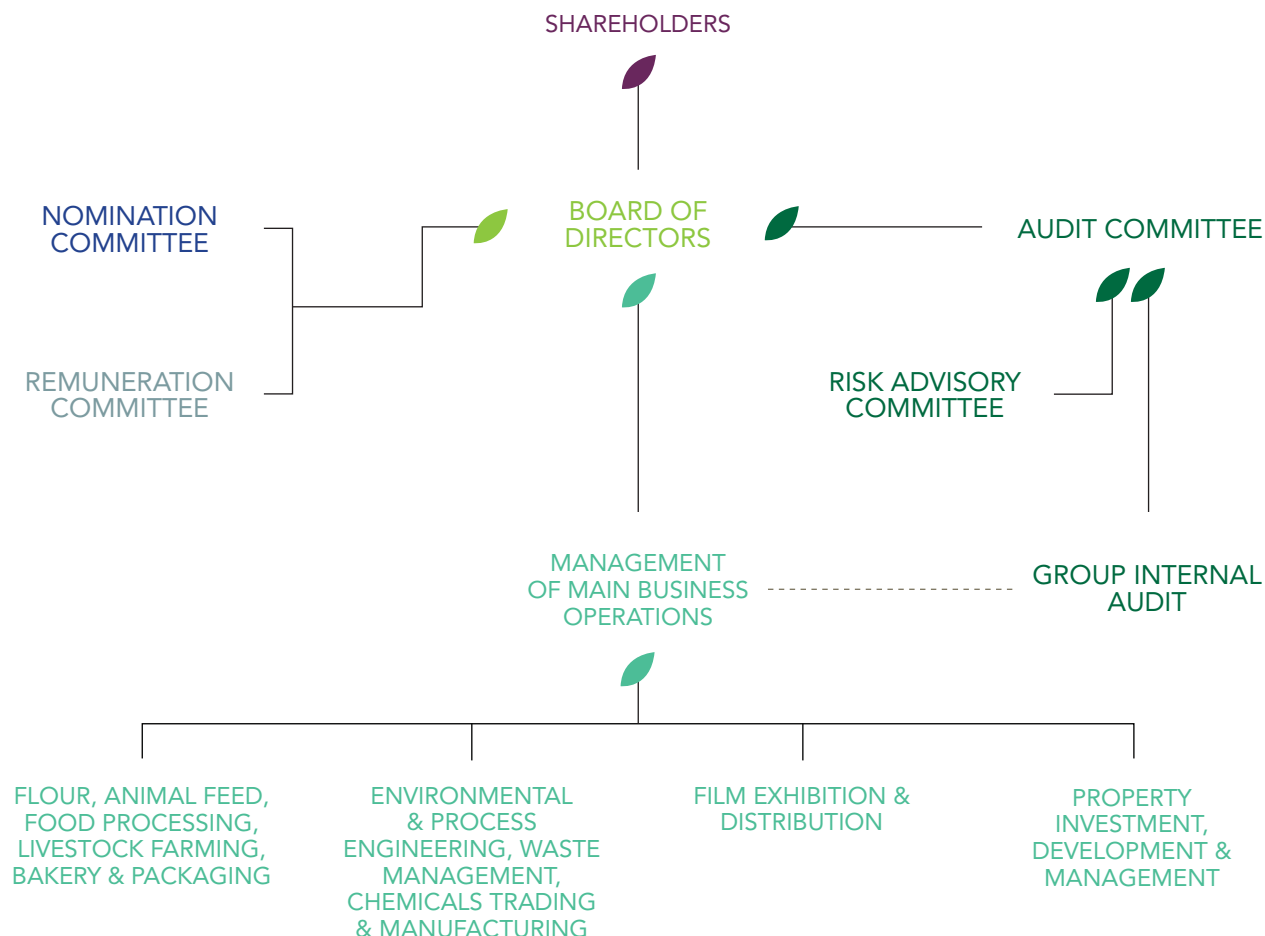
The Board of Directors of PPB Group Berhad is committed to maintaining a high standard of corporate governance and ensuring that effective self-regulatory controls exist throughout PPB and its subsidiaries ("the Group") to safeguard the Group's assets. The Board especially recognises that good corporate governance encompasses four key areas namely transparency, accountability, integrity and corporate performance.

This statement describes the manner in which PPB Group has applied the principles of good corporate governance and the extent of compliance with the recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG").

The statement outlines the Group's main corporate governance practices and policies in place during the financial year and at the date of this statement, through discussion of :

- i. Clear roles and responsibilities;
- ii. Strengthen composition;
- iii. Reinforce independence;
- iv. Foster commitment;
- v. Uphold integrity in financial reporting;
- vi. Recognise and manage risks;
- vii. Ensure timely and high quality disclosure; and
- viii. Strengthen relationship between Company and shareholders.

CORPORATE GOVERNANCE STRUCTURE



CLEAR ROLES AND RESPONSIBILITIES

BOARD RESPONSIBILITIES AND DUTIES

The Board is responsible for the effective control of PPB Group. The Board is primarily responsible for setting and reviewing the strategic direction of the Group and monitoring the implementation of that strategy by management including :

- Approving the strategic direction of the Group;
- Overseeing the conduct of the Group's businesses;
- Overseeing allocation of Group resources and monitoring the financial performance of the Group;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Monitoring and reviewing the Group's risk management system and internal control;
- Overseeing the development of an investor relations policy for the Company for effective communication with shareholders.

The Board has delegated specific responsibilities to three Board committees, namely, the Audit, Nomination and Remuneration Committees, which operate within approved terms of reference. These committees have authority to examine particular issues and report to the Board with their findings/recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

There is a clear division of responsibilities in the Company. The Chairman represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The Chairman also ensures that management proposals are deliberated and examined by Directors, executive and non-executive alike, taking into account the interests of shareholders and other stakeholders.

The Managing Director is responsible for overseeing the business developments and operations as well as coordinating and implementing corporate strategies adopted by the Board. The non-executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. The independent non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

BOARD CHARTER

The Board has adopted a charter which sets out the matters reserved for the Board's decision and outlines the Board's roles and responsibilities. Together with the Group's strategic plan, the charter also serves as a source of reference and primary induction literature, providing insights to new Board members. The charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

BOARD COMPOSITION

There are presently seven Directors on the Board comprising two executive Directors and five non-executive Directors, of whom three are independent.

Recommendation 3.5 of the MCGG states that where the Chairman of the Board is not an independent Director, the board must comprise a majority of independent directors. Although PPB has departed from Recommendation 3.5, the Board believes that the interests of shareholders can be served by a Chairman and a team of Board members who act collectively in the best overall interests of shareholders.

Collectively, the Directors bring to the Board a wide range of business, financial and technical experience for the effective management of the Group's diversified businesses. The Directors' profiles are presented on pages 18 to 21 of this Annual Report.

The Company does not at present have a formal gender diversity policy. The Board is of the opinion that it is important to recruit and retain the best available talent regardless of gender, to maximise the effectiveness of the board; taking into account the balance of skills, experience, knowledge and independence, and based on the Group's needs and circumstances.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next annual general meeting following their appointment. The Articles also provide that at least one third of the Board including the Managing Director shall be subject to re-election annually and each Director shall stand for re-election at least once every three years.

BOARD COMMITTEES

The three Board Committees assist the Board in its oversight functions. The functions of the Committees are governed by clearly defined terms of references, which are reviewed periodically to ensure that they are relevant and up-to-date. The three Board Committees are as follows :

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee

Each Committee submits reports of their respective deliberations and recommendations to the Board. Their deliberations and recommendations are minuted, and confirmed by the respective Committees at the following meeting.

AUDIT COMMITTEE

Responsibilities

- The principal functions of the Audit Committee are to ensure that the financial statements comply with applicable financial reporting standards, and to assess the suitability and independence of external auditors.
- The Audit Committee also assesses the effectiveness of the Group's enterprise-wide risk management and internal control framework.
- The summarised terms of reference of the Audit Committee are set out in the Audit Committee Report on pages 36 to 38 of the Annual Report.

NOMINATION COMMITTEE

Responsibilities

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- Review the required mix of skills, experience and other qualities of the Directors, including core competencies which non-executive Directors should bring to the Board.
- Review the Board structure, size and composition and make relevant recommendations to the Board including Directors to fill the seats on board committees.
- Assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of the Directors.

The Nomination Committee ("NC") comprises three non-executive Directors of whom two are independent. They are Encik Ahmad Riza bin Basir (Chairman), Datuk Ong Hung Hock and Mr Soh Chin Teck. YM Raja Dato' Seri Abdul Aziz bin Raja Salim served as the NC Chairman until his retirement on 14 May 2013.

Decisions on Board appointments are made by the Board after considering the Committee's assessment of the candidate and recommendation thereon. The criteria for the evaluation of candidates for appointment as Directors include their qualification, occupation, experience, other directorships, and the Company's requirements. During the financial year ended 31 December 2013, the Nomination Committee held two meetings.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION COMMITTEE

Responsibilities

- Review the remuneration packages of executive Directors that reflects market rates, sustained individual performance, job responsibilities and the Group's performance against financial objectives.
- Recommend the executive Directors' remuneration based on their performance and in line with corporate objectives.

The members of this Committee are Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman, and independent Director), Datuk Oh Siew Nam and Madam Tam Chiew Lin. During the financial year ended 31 December 2013, the Remuneration Committee held two meetings.

BOARD MEETINGS

The Board meets at least four times a year, with additional meetings held when decisions on urgent matters are required between scheduled meetings.

During the financial year ended 31 December 2013, the Board met four times and the record of the attendance of each Director is set out below :

Name of Director	Number of meetings attended	% of attendance
Datuk Oh Siew Nam	4	100
Lim Soon Huat	4	100
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	4	100
Datuk Ong Hung Hock	4	100
Soh Chin Teck	4	100
Ahmad Riza bin Basir (Appointed wef 25 July 2013)	2	100
Tam Chiew Lin (Appointed wef 25 July 2013)	2	100
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Retired on 14 May 2013)	1	100

SUPPLY OF INFORMATION

The Chairman plays a key role to ensure that all Directors have full and timely access to information. Directors are provided with an agenda and a set of board papers issued in sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues deliberated and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. At each Board Meeting, Directors are briefed on the Group's activities and operations by the chief executives of the principal subsidiaries.

In exercising their duties, Directors have access to information within the Company and to the advice and services of the Company Secretary. If necessary, Directors can seek professional opinion and advice from external consultants including investment bankers, valuers and financial advisers.

There is a schedule of matters reserved specifically for the Board's decision, including amongst others, the overall Group strategy and direction, approval of financial results, corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments and capital expenditures. This ensures that the governance of the Group is in the Board's hands.

STRENGTHEN COMPOSITION

The Board strives to achieve a balance of skills, experience, diversity and perspective amongst its Directors. The Nomination Committee conducts an annual review of the size and composition of the Board, taking into consideration the required mix of skills, competencies and experience relevant to the business of PPB Group.

An assessment of the Board's performance is carried out every year, including an assessment of the Independent Directors. The assessment of the Board was carried out under the following main categories :

- Board composition
- Board roles and responsibilities
- Board meeting procedures
- Effectiveness of the board committees
- Assessment of independent directors

For the year under review, the Board is satisfied with the existing number and composition of its members and is of the view that with the current mix of skills, knowledge, experience and strengths, the Board is able to discharge its duties and responsibilities effectively.

DIRECTORS' REMUNERATION

The Board reviews the overall remuneration policy of the executive Directors and non-executive Directors to attract and retain Directors with the relevant experience and expertise to manage the Group successfully.

In the case of executive Directors, their remuneration is structured to link rewards to corporate and individual performance. For the non-executive Directors, the level of remuneration reflects responsibilities undertaken by them. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole subject to shareholders' approval. The Directors are not involved in the approval of their own remuneration package.

The details of the Directors' remuneration on a Group basis for the financial year ended 31 December 2013 are as follows:

All figures in RM'000	Executive Directors	Non-executive Directors
Salary	1,620	816
Fees	20	286
Meeting allowance	1	21
Bonus	2,700	1,000
Benefits-in-kind	69	43
Employees Provident Fund	320	113
Total	4,730	2,279

CORPORATE GOVERNANCE STATEMENT

The aggregate remuneration of Directors analysed into the appropriate RM50,000 bands is as follows :

	Executive Directors	Non-executive Directors
Up to RM50,000	-	3
RM50,001 - RM100,000	-	2
RM1,600,000 - RM1,650,000	1	-
RM2,000,000 - RM2,050,000	-	1
RM3,050,000 - RM3,100,000	1	-

Note : Successive bands of RM50,000 are not shown in entirety as they are not represented.

REINFORCE INDEPENDENCE

The Board considers the importance of significant representation by Directors who are capable and willing to make decisions in the best interest of shareholders free from conflicts of interest and influences, and are also independent of management.

Independent Directors are those who have the ability to exercise their duties and express their views unfettered by familiarity, or business or other relationships.

PPB Board currently consists of three Independent Non-executive Directors. The number of independent directors is in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") which requires at least one third of the Board to comprise independent directors. The Independent Non-executive Directors are persons of calibre and integrity, who collectively provide skills and competencies to ensure the effectiveness of the Board. The criteria for independence observed by the Company broadly encapsulate independence from management and the absence of conflicting business relationships which could interfere with the Independent Director's judgement and ability to contribute to the Board's deliberations, or which could interfere with the Director's ability to act in the best interest of the Company. The criteria for independence set out in the MMLR also form the basis for evaluation of independence.

The Independent Directors provide broader views, and an independent and balanced assessment of proposals. The Board has appointed Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid as the Senior Independent Non-executive Director of the Board to whom concerns of the Group may be conveyed.

CONFLICT OF INTEREST

Over and above the issue of independence, each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transaction or matter which comes before the Board. Such a situation may arise from external associations, interests or personal relationships. Each Director is required to disclose any interest in a transaction. If so, the Director abstains from deliberations and decisions of the Board on the subject.

FOSTER COMMITMENT

COMMITMENT BY THE BOARD

Directors are expected to commit sufficient time to carry out their responsibilities. Nominees for appointment as Directors disclose to the Board details of their working, business and other interests. In line with the MMLR, all Directors of PPB comply with the limits on directorships in other listed companies.

DIRECTORS' TRAINING

There is a familiarisation programme for new Board members including, where appropriate, visits to the Group's businesses and meetings with senior management to facilitate their understanding of the Group's businesses and operations.

The Directors have access to continuing educational or training courses and seminars to keep abreast with market and regulatory developments. An in-house training session for directors and senior management was also held during the year ended 31 December 2013. The topics selected are based on subjects which are relevant to the needs of the Group and the Directors, and included the following :

- An update on global and regional economic and financial matters.
- A presentation on accounting and financial reporting issues under the International Financial Reporting Standards.
- Business continuity planning and management.
- Assuring food safety and quality.

The Directors have attended either the above session, or other training sessions conducted externally.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The Board strives to provide a balanced and fair assessment of the Group's financial performance and prospects via the audited financial statements and quarterly financial reports as well as through disclosures in accordance with the MMLR.

The Board is assisted by the Audit Committee to oversee the integrity of the Group's financial reporting and as part of these roles, the financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes comply with applicable financial reporting standards.

For the year under review, two sessions were held between the Audit Committee and the external auditors in the absence of management as part of the Company's practice for greater exchange of views in relation to the financial reporting and auditing process.

RECOGNISE AND MANAGE RISKS

INTERNAL CONTROL

The ultimate responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board. The Group's system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company's corporate objectives as well as to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 39 and 40 of this Annual Report provides an overview of the state of risk management and internal controls within PPB Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

PPB seeks to release price-sensitive information to Bursa Securities in a timely manner as required under the MMLR, and to the market and community generally through media releases, the website and appropriate channels.

CORPORATE GOVERNANCE STATEMENT

The Company has an existing Investor Relations Policy through which it exercises its commitment to achieving best practice in terms of disclosure by acting in accordance with the spirit, intention and purpose of the applicable regulatory requirements and by looking beyond form to substance, and reflects the relevant obligations prescribed by the MMLR.

INSIDER TRADING

Directors and senior management of PPB are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the MMLR and the relevant regulatory provisions. Prior notification of closed periods for dealing in PPB's securities are circulated to Directors and senior management deemed to be privy to price-sensitive information.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board of PPB is committed to providing shareholders, the investing community, the media and other stakeholders with accurate, clear, timely and equal access to material information pertaining to the Company's performance and operations.

The Company's Investor Relations Policy provides a framework for the Board, management and relevant staff to communicate effectively with shareholders, investors, other stakeholders and the public generally. The policy has been updated to encompass the following objectives :

- to raise awareness and provide guidance to the Board and employees of PPB Group on the Company's disclosure obligations and practices;
- to provide policies and guidelines in disseminating information to, and in dealing with shareholders, financial analysts, media, regulators, the investing community and other stakeholders;
- to ensure compliance with applicable legal and regulatory requirements on disclosure of material information; and
- to build good relations with the investing community to foster trust and confidence.

INVESTOR RELATIONS PROGRAMME

The Company has an active investor relations programme directed at both individual and institutional investors, the objective of which is to maintain ongoing awareness of the Company's performance amongst shareholders, media and the investing community. The Company's investor relations programme focuses on transparency of disclosure and timely dissemination of information.

I. SOURCES OF INFORMATION

The principal sources of information disseminated by the Company during the year include :

- PPB's annual report which aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review.
- Quarterly Investor Updates designed as e-newsletters are posted on its corporate website. The Investor Update contains financial results, reports and articles on the Group's operations as well as significant events during the quarter under review.
- The Investor Handbook published annually provides an overview of the Group's operations and serves as a convenient reference guide.
- News releases to announce financial results and important events relating to the Group via the local media and the company website.

- The Company's website, www.ppbgroup.com where information on the Group, its businesses, financial data, annual reports, Investor Handbook and Investor Updates can be easily downloaded.

II. DIRECT MEETINGS

PPB's policy is to maintain an active dialogue with shareholders with the objective of giving a clearer picture of the Company's performance. At the Company's annual general meetings, shareholders can express their views or raise questions in relation to the Group's financial performance and business operations. Members of the Board as well as the auditors of the Company are present to answer questions raised at the meeting.

The Company conducts analyst briefings twice a year after the half-yearly and final results are released to Bursa Securities to provide regular dialogues between senior management and the investing community. Media conferences are also held together with these briefings for consistent dissemination of information to the public. On these occasions, the Managing Director of PPB and chief executives of the principal subsidiaries are present to address questions on the Group's businesses.

At other times, the Company makes every attempt to meet requests for meetings or information from the investing community.

While the Company endeavours to provide as much information as practicable, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

III. QUERIES AND FEEDBACK

PPB welcomes inquiries and feedback from shareholders and the investing community. The Corporate Affairs Department of the Company provides investors with a channel of communication through which they can provide feedback to the Company.

Queries and concerns regarding PPB Group may be conveyed to the following persons :

1. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Senior Independent Non-executive Director

Telephone number : 03-2726 0088

Facsimile number : 03-2726 0099

2. Koh Mei Lee

Senior Manager (Corporate Affairs)

Telephone number : 03-2726 0088

Facsimile number : 03-2726 0198

E-mail Address : corporateaffairs@ppb.com.my

Datuk Oh Siew Nam

Chairman

Soh Chin Teck

Independent Non-executive Director

Kuala Lumpur

28 February 2014

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee ("AC") during the financial year ended 31 December 2013 comprised the following Directors :-

Name of AC member	Membership	Directorship
Mr Soh Chin Teck	Chairman	Independent Non-executive
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-executive
Madam Tam Chiew Lin (Appointed on 25 July 2013)	Member	Non-independent Non-executive
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Retired on 14 May 2013)	Member	Independent Non-executive

TERMS OF REFERENCE

The terms of reference of the AC are summarised as follows :-

- (1) review the following and report the same to the Board of Directors of the Company :-
 - a. with the external auditors, the audit plan, their evaluation of the system of internal control and their audit report;
 - b. the assistance given by the employees of the Company to the external auditors;
 - c. the adequacy of the scope, functions, performance, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - d. the internal audit programme, processes including investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - e. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors;
 - f. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - g. any letter of resignation from the external auditors of the Company; and
 - h. whether there is reason to believe that the Company's external auditors are not suitable for re-appointment;
- (2) recommend the nomination of a person(s) as external auditors;
- (3) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from them to confirm that they are and have been independent throughout the conduct of the audit engagement; and
- (4) establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into with the external auditors and procedures that they must follow.

MEETINGS

The number of AC meetings held during the financial year ended 31 December 2013 and details of attendance of each committee member are as follows :-

Name of AC member	No. of AC Meetings	
	Held	Attended
Mr Soh Chin Teck	4	4
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	4	4
Madam Tam Chiew Lin (Appointed on 25 July 2013)	2	2
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Retired on 14 May 2013)	1	1

ACTIVITIES

During the financial year ended 31 December 2013, the AC performed the duties specified in its terms of reference. In performing its duties, the AC inter-alia :-

1. reviewed with Mazars the audit plan, the audit report, their evaluation of the system of internal control and the assistance given by the Group's officers to them;
2. reviewed with the internal auditors their audit reports, noted their audit plan, scope and audit approach including assessing their performance, competency and adequacy of their resources;
3. reviewed the Group's quarterly results and year-end financial statements prior to submission to the Board of Directors;
4. reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report;
5. reviewed half-yearly reports on the Group's top risks and management action plans to manage the risks;
6. reviewed related party transactions within the Group;
7. assessed the suitability and independence of Mazars and thereafter recommended the nomination of Mazars for re-appointment as external auditors.

AUDIT COMMITTEE REPORT

8. Members of the AC also visited the following PPB Group operations :-

Entity/Location	Business activity
FFM Berhad ("FFM") - Sungei Buloh	FFM Head Office
FFM - Pulau Indah	Flour milling
FFM Further Processing Sdn Bhd - Pulau Indah	Food processing
The Italian Baker Sdn Bhd - Pulau Indah	Bakery
FFM Farms Sdn Bhd - Sua Betong	Livestock farming
PPB Hartabina Sdn Bhd - Taman Tanah Aman, Seberang Perai	Property development
Seletar Sdn Bhd - Taman Sinar Mentari, Kedah	Property development
Kembang Developments Sdn Bhd - Whiteaways Arcade, Penang	Property investment
Johor Bahru Flour Mill Sdn Bhd - Seberang Perai	Flour milling

INTERNAL AUDIT FUNCTION

The internal audit function of PPB and its subsidiaries (the Group) is performed in-house by staff of the PPB Internal Audit Department ("PPBIAD"). PPBIAD reports directly to the AC and is independent of the activities they audit.

The total cost incurred by PPBIAD for the internal audit function of the Group for the financial year ended 31 December 2013 was about RM1.76 million.

ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The activities of PPBIAD are guided by its charter and the annual audit plan approved by the AC.

During the financial year ended 31 December 2013, PPBIAD reviewed the adequacy and integrity of the Group's systems of internal control covering both financial as well as non-financial controls. The effectiveness of the Group's Enterprise Risk Management system was also evaluated. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations.

In October 2013, The Institute of Internal Auditors Malaysia was engaged by PPB to conduct an external quality assurance review on PPBIAD. The objective of the review is to assess PPBIAD's conformance to the International Standards for the Professional Practice of Internal Auditing, and suggest ways to further improve its efficiency and effectiveness.

SOH CHIN TECK

Audit Committee Chairman

(Independent Non-executive Director)

28 February 2014

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

There is an on-going review process by the Board to ensure the adequacy and effectiveness of the system to meet the Group's objectives and strategies. This process includes determining the Group's risk appetite and level of risk tolerance for its top risks.

The main features of the Group's system of risk management and internal control are summarised as follows :-

1. Control environment

The Board considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is an effective Group organisation structure within which business activities are planned, controlled and monitored.

The Group's culture and values, and the standard of conduct and discipline it expects from its employees have been communicated to them via the employee handbook or letters of appointment.

2. Risk management

The Board has established a formal Group-wide enterprise risk management system covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the Group.

This process has been in place throughout the year and is regularly reviewed and monitored by the Audit Committee for its adequacy and effectiveness and reported accordingly to the Board.

The main features of the Group's risk management framework are :-

- A formal risk policy and guideline have been established and approved by the Board and communicated to employees throughout the Group;
- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, Audit Committee, Risk Advisory Committee and the various subsidiary risk committees, has been established and approved;
- The Group-wide risk assessment process includes identifying the key risks, potential impact and likelihood of those risks occurring, the control effectiveness and adopting the appropriate action plans to mitigate those risks to within the Group's risk appetite and tolerance;
- The Risk Advisory Committee provides reports on the risk profile of the Group to the Audit Committee for review, and the Audit Committee reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;
- The appointment of a Chief Risk Officer at the holding company and risk officers at the subsidiaries to ensure leadership, direction and coordination of the group-wide application of risk management; and
- On-going risk management education and training is provided at management and staff levels.

3. Control activities

The Board has in place a system to ensure that there are adequate and effective risk management, financial and operational policies and procedures and rules relating to the delegation and segregation of duties.

There are comprehensive budgets, requiring board approval, which are reviewed and revised on a regular basis, with performance monitored against them and explanations sought for significant variances.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Information and communication

There is a system of financial reporting to the Board, based on quarterly results and annual budgets. Key risks and operational performance indicators are continuously monitored and reported to the Board.

5. Monitoring

Monitoring of the Group's significant business risks is embedded within the Group's risk management process described in item 2 above. A control self-assessment system is also in place for management to monitor critical and routine risk areas under their jurisdiction using an internal control checklist.

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the Audit Committee, which receives regular reports from the internal auditors. Formal procedures are in place for actions to be taken to remedy any significant failing or weaknesses identified in these reports.

There were no significant risk management and internal control failings or weaknesses which had resulted in material losses or contingencies during the financial year.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

Based on the foregoing, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Group's system of risk management and internal control applies principally to PPB Group Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them.

28 February 2014

CORPORATE SUSTAINABILITY STATEMENT

Corporate responsibility has always been part of PPB Group's values, guiding us in decision-making and operations. It is important for us to achieve business success in ways that honour our ethical principles and demonstrate respect for people and the planet. In today's competitive business environment, our efforts have evolved and taken on a progressively strategic approach, and it helps us manage and create worth for the Company.

The sustainability and long-term success of PPB Group depend on our access to resources and the strength of relationships developed with key stakeholders - our workforce, business partners, shareholders and the regulators. In addition, it is our Company's firm belief that to continue to make economic returns, we should be an integral part of our community and support it through various initiatives. Our history of continuous improvement in our operations through new technology to minimise harm to the environment, also contributes to our Company's competitiveness in the marketplace. PPB Group recognises its corporate responsibility to promote a sustainable future and to provide our employees and others who work with us with a safe and healthy work environment.

This Corporate Sustainability Statement outlines PPB Group's positions and actions to promote these goals in 2013.



ENVIRONMENT

We are conscious that the planet belongs not to us, but to future generations, and therefore, we are committed to minimising the environmental impact of our operations. We understand the importance of conserving natural resources and strive to make environmental improvements that promote a sustainable future.

PPB Group's environmental commitment includes :-

- Complying with applicable laws, rules and regulations
- Conducting our business in observance of environmentally sound practices
- Promoting recycling and waste reduction by our employees
- Ensuring the responsible use of energy in our business practices, including energy conservation and improving energy efficiency

PPB Group recognises that as a socially responsible corporate citizen, environmental protection must be a commitment of our business. As such, PPB Group endeavours to provide quality products and services in a manner that best ensures the environmental integrity of our processes and facilities.

RECYCLE, REDUCE AND REUSE

PPB Group seeks to minimise the generation of waste by encouraging the 3Rs. Employees have developed a culture of reducing paper and electricity usage, reusing waste plastic materials as well as adopting a paperless system for selected processes.

During the year, PPB organised two separate collection of recyclable items from the staff for Beautiful Gates Foundation and Lovely Disabled Home; both homes generate income from the sale of recyclable items.

ENERGY CONSERVATION

Energy-saving lightings and equipment are used in the office. Office lights are turned off after working hours and during lunch breaks to conserve energy.

ELECTRONIC PUBLICATIONS

The Annual Report and Investor Handbook of PPB are published in CD-ROM format. Besides that, PPB has ceased distribution of its quarterly Investor Updates in hard copy since the second quarter of 2009 as shareholders are encouraged to view the quarterly publication from PPB's website.



NO STYROFOAM/PLASTIC BAG DAY

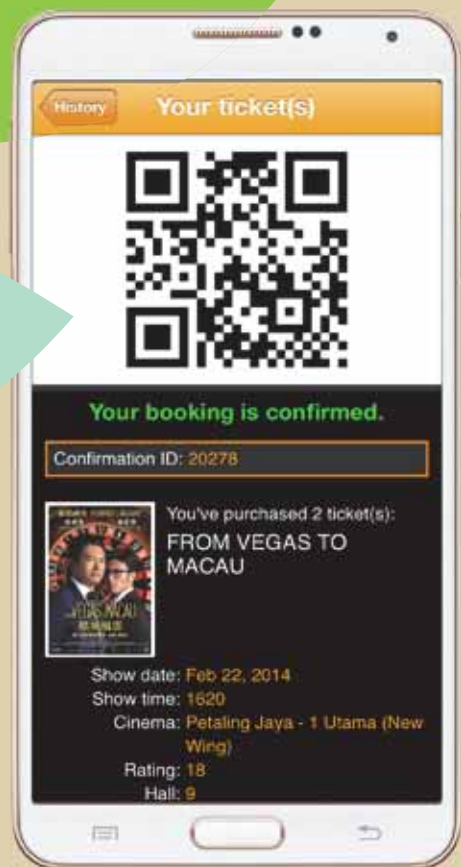
PPB has dedicated every Friday as “No Styrofoam/Plastic Bag Day” whereby employees are encouraged to consciously avoid using both products and bring their own bags and containers for shopping and packed meals.

GOING TICKETLESS

Golden Screen Cinemas Sdn Bhd (GSC), a wholly-owned subsidiary of PPB Group, introduced GSC Mobile App (iPhone & Android) which enables movie-goers to purchase tickets via m2u mobile, PayPal or “RHB Now” on their smartphones. Patrons are able to enjoy the “ticketless” option by scanning the 2D barcode on their smartphone screens at selected cinema checkpoints.



iPhone



Android

WORKPLACE

We help create sustainable economic growth by building human and institutional capacity. Our workforce is encouraged to reach their full potential through training, career development and promotion from within wherever possible.

We provide a safe workplace and recognise the importance for our workforce to feel proud and inspired to work for the Group.





BENEFITS

To provide a rewarding and supportive working environment for its 3,940 employees, the Group encourages continual professional and personal development of staff through various training programmes, workshops and seminars. Awareness talks were held to provide insightful information useful to staff well-being. Sports and fitness activities within and outside the workplace were held to promote healthier living and the Group also encourages more interaction amongst employees with company activities such as movie days, company trips and dinners during the year.

SMOKE-FREE WORKPLACE

Smoking is not permitted in the offices, corridors, restrooms or other locations inside the buildings where the PPB Group has offices.

NO HARRASSMENT

PPB is committed to providing a workplace free from gender discrimination and sexual harassment as well as discrimination and harassment based on race, colour, national origin, marital status, religion, creed or any other characteristic protected by law. PPB does not tolerate such discrimination against, or harassment of, any of our employees or contractors by management staff or other employee.

PPB HEALTH AND FITNESS PROGRAMME

In 2012, PPB launched a walking and running club known as "PPB WaR Club" with the aim of bringing PPB Group employees together for a common interest whilst promoting health and fitness. PPB also organises weekly work out sessions with an external fitness trainer for its employees. During the year, PPB Group staff and family members participated in the Park City Run 2013 held at Desa Parkcity, Kuala Lumpur.

COMMUNITY

We believe that it is our duty to contribute and engage with the communities in which we operate, and with society at large. Through our community projects, we hope to develop relationships with and enhance the quality of life of these communities.

We see employee volunteerism gaining strength but regard this as an area in which we can improve going forward.

PPB-KF WELFARE FUND FOR PERLIS

PPB established an endowment fund known as the "PPB-KF Welfare Fund for Perlis" in 2010. The Fund which amounts to RM10.0 million is managed by Kuok Foundation Berhad, and is utilised to benefit the underprivileged and poor in the state of Perlis and improve their welfare. In 2013, the Fund donated school uniforms, shoes, socks and school bags complete with stationery sets under the "Educare Project" to poor school-children from Perlis. Study grants were given to deserving secondary school students in the state. A donation was also given to a school for upgrading of facilities.

FESTIVAL CELEBRATIONS

Each year, PPB Group celebrates the main festivals with underprivileged groups by organising lunches and trips to provide them encouragement, hope and comfort that they are not forgotten during such festivals.

PPB brought cheer to the residents of Siri Jayanti Metta Care Centre, Kim Loo Ting Hong Ying Home, Sinthamani Divine Life Ashram, Asrama Cahaya as well as 10 deserving families residing in Sri Perak flats in Bandar Baru Sentul, Kuala Lumpur in conjunction with the celebration of the various main festivals. PPB donated products manufactured and distributed by FFM Group to these homes besides giving them festive goodies, new clothings as well as fulfilling some of their wishes.

Throughout the year, the Group also donated FFM products to various welfare homes to help relieve their expenses.



"BACK TO SCHOOL" PROJECT

PPB donated school uniforms complete with school shoes, socks and whiteners to 1,343 poor students from 15 primary schools in Senawang, Negeri Sembilan under this project.

OPENING OF SILENT TEDDIES CAFE

PPB assisted the Silent Teddies in setting up a café by purchasing the necessary kitchen utensils, tableware and other appliances needed in the cafe. The Silent Teddies, a social enterprise started by The Community Service Centre for the Deaf, aims to give deaf youth an opportunity to learn cooking and hospitality skills to eventually prepare them for the workforce.

"HELPING THE POOR TO HELP THEMSELVES" PROJECT

Under this project, PPB has given in-kind assistance to three poor families in the Klang Valley to alleviate their financial burden. In addition, PPB supported the Salaam Wanita project through the contribution of materials needed for production of eco-baskets by low income earners such as single mums, disabled persons, women with chronic illness and caregivers to disabled dependents to support their families.

VOLUNTEERING AT THE SPCA

Not forgetting to care for the animals, 22 PPB staff and their family members volunteered on 22 June 2013 at the SPCA, an animal shelter and adoption centre based in Ampang Jaya. They helped to clean the catteries and kennels, scrub the floors, wash the cooking and feeding utensils and bathe the dogs.

EAGLE CUP XIII JUDO CHAMPIONSHIP

PPB has been the venue sponsor of this event for more than 10 consecutive years, in support of the sport among school children. The event was held at Cheras LeisureMall where more than 100 participants from the local and international schools and Judo Clubs in Klang Valley competed in the championship. The event helped raised awareness of the sport to the community at large and enable young participants to showcase their skills in healthy sports.



GSC-HOPE WORLDWIDE MALAYSIA CHARITY DONATION DRIVE 2013

GSC collaborated with HOPE Worldwide Malaysia to raise fund through charity ticket sales of the movie "The Mortal Instruments : City of Bones" in aid of selected community projects to improve the lives of needy families in Malaysia.

MOVIE SCREENING FOR UNDERPRIVILEGED CHILDREN

GSC organised special movie screenings for underprivileged children from social welfare homes and community support groups. Through the Department of Social Welfare Malaysia, GSC collaborated with the Ministry of Women, Family & Community Development to host over 1,700 underprivileged children for a special movie outing in selected GSC cinemas across Malaysia in conjunction with the World Children's Day National Level Celebration 2013.

AWARENESS OF ARTS AND CULTURE THROUGH FILM FESTIVALS

In support of the arts, GSC jointly organised film festivals with various foreign embassies to hold the Japanese Film Festival, European Union Film Festival and French Film Festival to encourage and increase public awareness of the arts and cultures of other countries.

SENIOR CITIZENS, WE APPRECIATE YOU

Free movie screenings and health awareness programs were organised for senior citizens at GSC cinemas to show appreciation and encourage senior citizens to maintain an active and varied lifestyle.

MARKETPLACE

We are committed to pursue and practise corporate sustainability by ensuring that our operations and practices are managed responsibly and efficiently with high standards of transparency, accountability and integrity in increasingly complex business environments.



KEEPING STAKEHOLDERS INFORMED

Recognising the need to keep stakeholders abreast of the Group's activities, quarterly e-Investor Updates and an annual Investor Handbook are published to enable investors to have a better understanding and assessment of the future and direction of the Group. PPB's company website provides easy access to information on the Group's financials and operations with an email link for stakeholders to provide feedback and make enquiries.

QUALITY PRODUCTS

PPB Group continually improves the quality of its food products through product innovation and ensures that its products meet all applicable food regulations and standards. Its food products are properly labelled for better awareness to allow consumers to make healthy choices.



CUSTOMER SERVICE

The Group's operations encourage active consideration of customer feedback and suggestions. In its efforts to improve customer services, the cinema operations are committed to provide disabled-friendly facilities in all new cinemas including hydraulic lifts and easily accessible space in the halls for customers in wheelchairs.

MEMBERSHIP IN ASSOCIATIONS

PPB Group operations are actively involved in associations such as the Malaysian Association of Film Exhibitors, Malaysian Feed Millers Association, Federation of Livestock Farmers Association and various other platforms in which PPB Group's businesses are involved to address industry-specific issues.



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 non-audit fees paid to the external auditors of PPB and its subsidiaries ("PPB Group") during the financial year ended 31 December 2013 were as follows :

Name of auditor	Fees (RM)	Purpose
Mazars	6,000	Review of statement on risk management and internal control
Mazars	17,000	Revenue certification
Mazars	90,000	Non-statutory audit services
Mazars Taxation Services Sdn Bhd	149,009	Tax advisory services

2. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or their directors and management by any regulatory authorities during the financial year ended 31 December 2013.

3. MATERIAL CONTRACTS

Save as disclosed below, there have been no material contracts 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 2013 or entered into since the end of the previous financial year :

PPB entered into a shareholders agreement with Kuok Brothers Sdn Berhad on 22 April 2013 to subscribe for 200,000 ordinary shares of RM1.00 each ("ordinary shares"), and 52,600,000 redeemable preference shares of RM0.01 each ("RPS") (equivalent to 40% equity interest) in Huge Quest Realty Sdn Bhd ("HQR"). As at 31 March 2014, PPB has subscribed for 200,000 ordinary shares and 27,181,160 RPS in HQR.

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 2013 pursuant to the shareholders' mandate obtained at the 44th Annual General Meeting are as follows :

Nature of transactions undertaken by PPB and/ or its subsidiaries	Transacting party	Year 2013 Actual	Nature of relationship with PGSB
		RM'000	
Purchase of cooking oil, soyabean, doughfat, crude palm oil and soyabean meal from PGSB Group			
FFM Berhad ("FFM")* Group	PGSB Group	146,593	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	3,246	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")	4,608	PGEO is a wholly-owned subsidiary of PGSB.
Purchase of crude palm oil from Sapi			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	2,866	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")	64,264	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	78	Wilmar is a person connected to PGSB.
Purchase of soyabean meal from Wilmar Trading (China) Pte Ltd ("WTC") and payment of advisory fee			
FFM Group	Wilmar Group	13,717	WTC is an indirect 100%-owned subsidiary of Wilmar.

* FFM is an 80%-subsidiary of PPB.



THE VALUE PROPOSITION OF

CONSISTENCY & QUALITY

The Group believes that building enduring brands is more than creating marketing ideas and strategies. It is also about taking great care to ensure our products and services achieve replicable quality standards that meet our customers' expectations and giving them the best experience each time, every time.



THE FINANCIALS

- 054 5-Year Group Financial Statistics
- 056 Segmental Analysis
- 057 Share Performance
- 058 Additional Financial Information
- 059 Directors' Responsibility Statement
- 060 Directors' Report

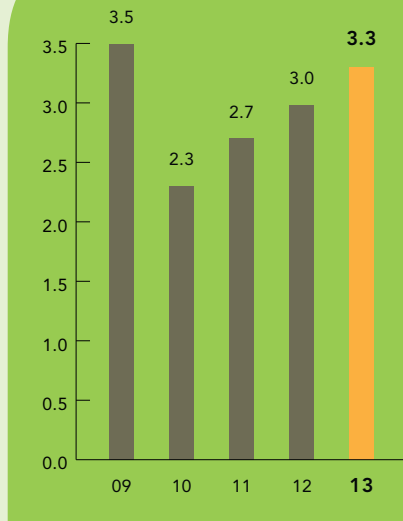


5-YEAR GROUP FINANCIAL STATISTICS

Year Ended 31 December		2009	2010	2011	2012	2013
Revenue	<i>RM Million</i>	3,460.744	2,274.155	2,710.539	3,017.926	3,312.917
Share of net profits less losses of associates	<i>RM Million</i>	1,231.922	772.053	814.620	712.545	785.662
Profit before tax	<i>RM Million</i>	1,732.477	1,129.233	1,056.580	916.814	1,063.417
Profit for the year	<i>RM Million</i>	1,629.039	1,909.226	1,012.508	868.197	990.939
Net dividend for the year	<i>RM Million</i>	865.415	1,043.240	272.665	237.100	296.375
Issued share capital	<i>RM Million</i>	1,185.500	1,185.500	1,185.500	1,185.500	1,185.500
Equity attributable to owners of the parent	<i>RM Million</i>	14,086.542	13,277.223	14,061.611	14,271.375	15,653.280
Total equity and liabilities	<i>RM Million</i>	15,066.960	13,935.463	15,199.156	15,579.349	17,065.430
Earnings per share	<i>Sen</i>	136.31	159.00	82.70	71.04	82.88
FTSE Bursa KLCI Quotes						
Year high	<i>RM</i>	16.18	19.58	18.00	17.98	16.20
Year low	<i>RM</i>	9.30	15.04	15.16	11.16	11.66
Year close	<i>RM</i>	15.96	17.26	17.16	11.60	16.14
No. of shareholders		9,828	10,135	9,537	11,817	10,242

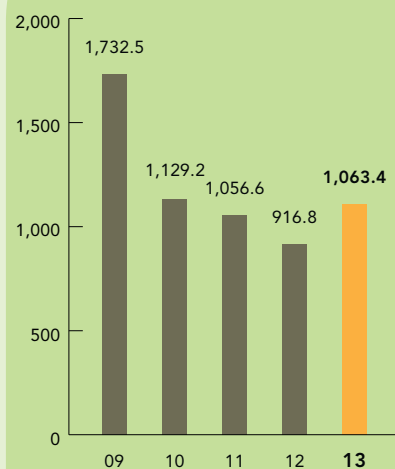
5-YEAR GROUP FINANCIAL STATISTICS

3.3 RM Billion



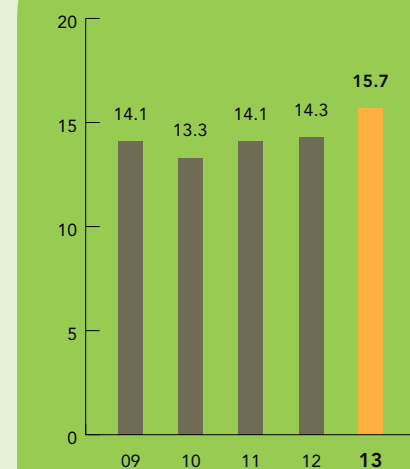
REVENUE

1,063.4 RM Million



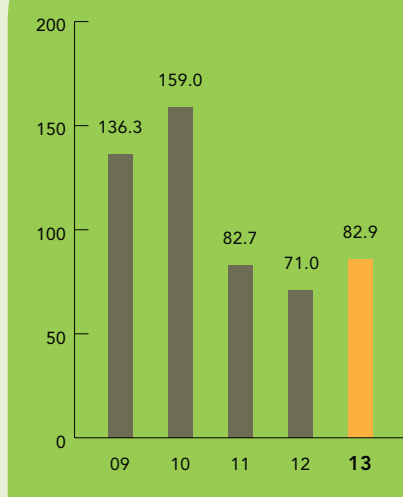
PROFIT BEFORE TAX

15.7 RM Billion



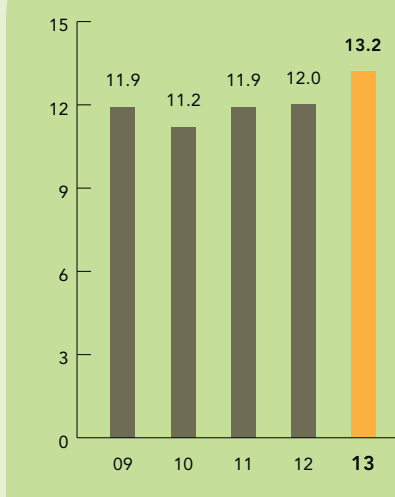
EQUITY ATTRIBUTABLE
TO OWNERS
OF THE PARENT

82.9 Sen



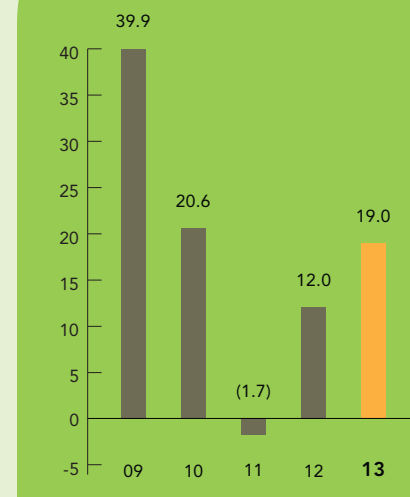
EARNINGS PER SHARE

13.2 RM



NET ASSETS PER SHARE
ATTRIBUTABLE TO OWNERS
OF THE PARENT

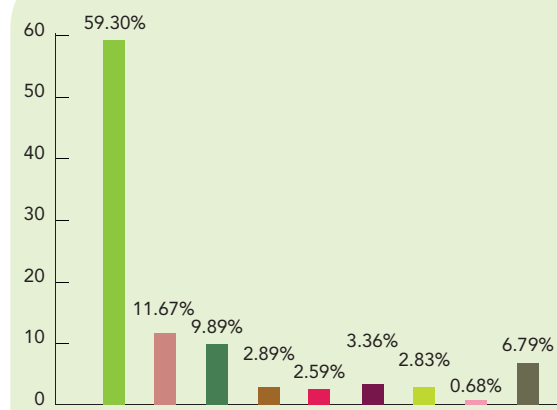
19.0 Sen



OPERATING CASH FLOW
PER SHARE

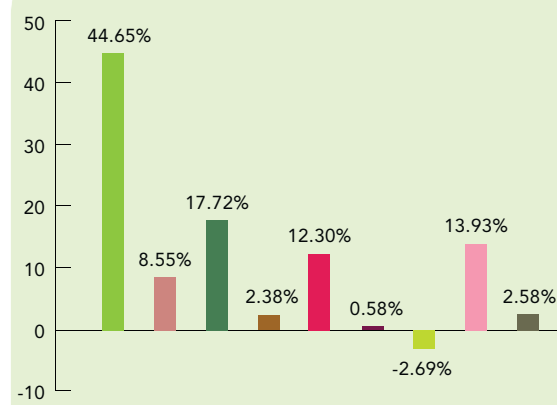
SEGMENTAL ANALYSIS

3.313 RM Billion



REVENUE

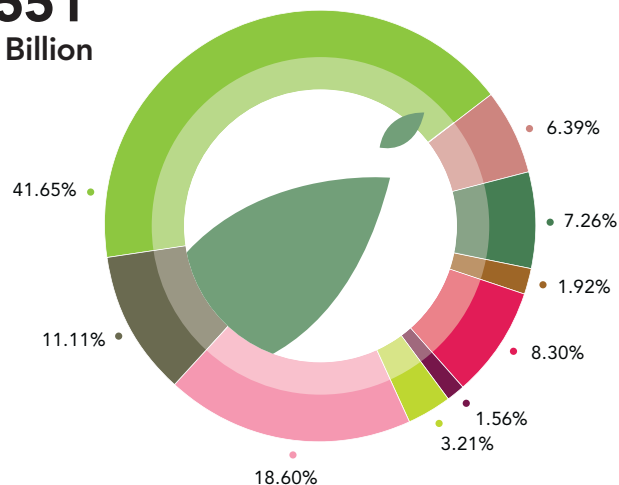
278.0 RM Million



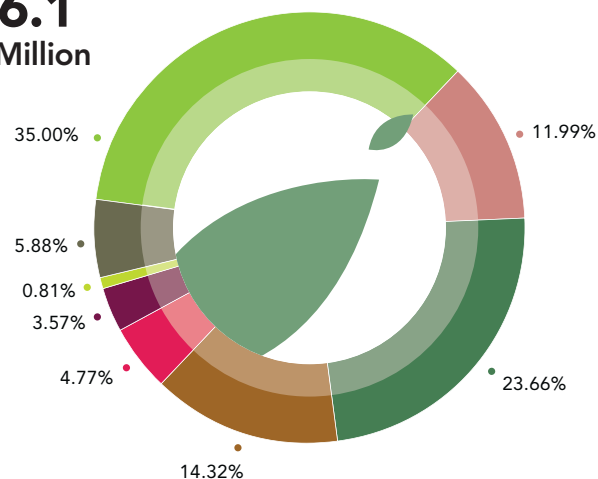
PROFITS

- Flour & feed milling, & grains trading
- 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

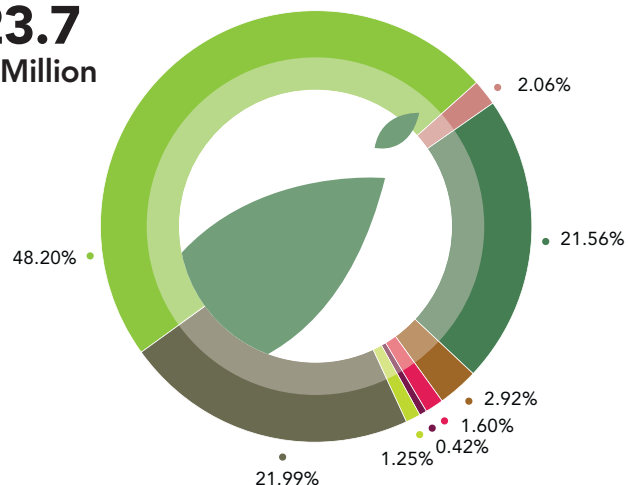
ASSETS
3.551
RM Billion



LIABILITIES
356.1
RM Million

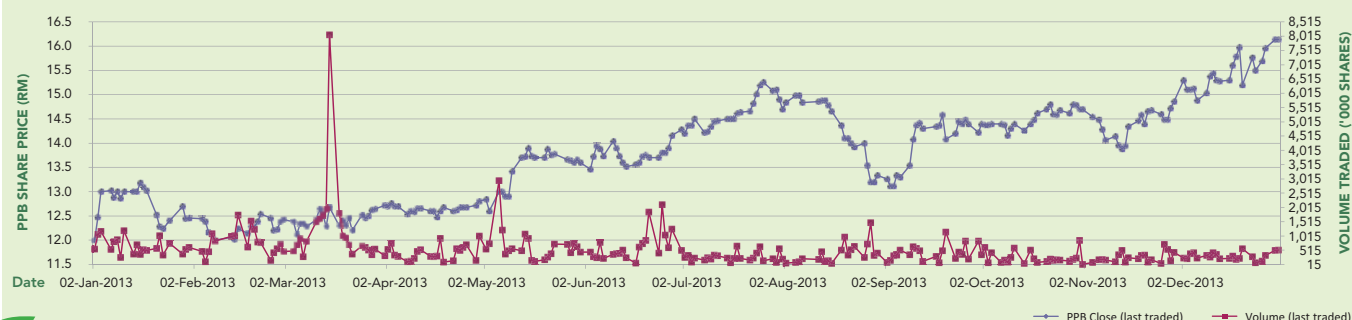


CAPITAL EXPENDITURE
223.7
RM Million

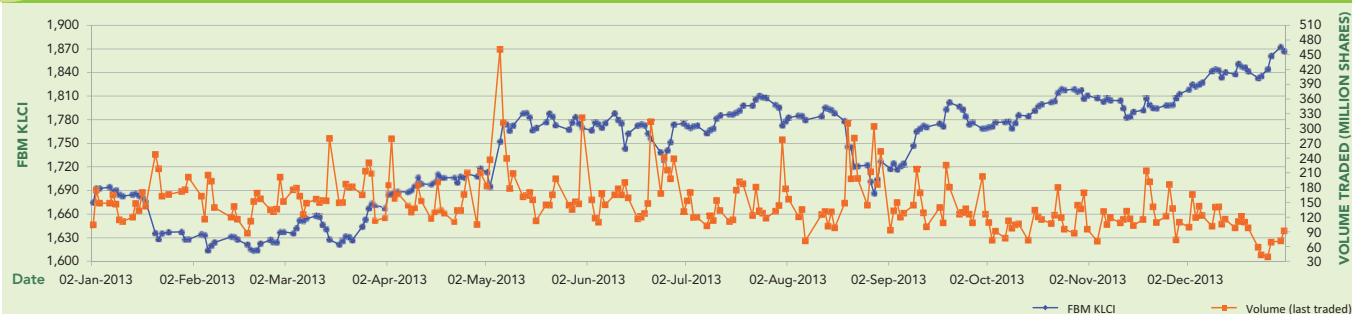


SHARE PERFORMANCE

PPB SHARE PRICE AND VOLUME TRADED FOR YEAR 2013



FBM KLCI AND VOLUME TRADED FOR YEAR 2013



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

In 2013, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) increased by 10.5% (2012: 10.3%) to close at 1,867 points. While sentiments in the market were affected by both domestic and external factors, the underlying performance of the equity market was supported by investors' confidence in the positive economic outlook for the Malaysian economy.

The domestic equity market entered the year amid cautious sentiments following the uncertainty on the timing of Malaysia's 13th General Election, which led to domestic investors reducing their holdings of equities. As the General Election concluded on 5 May, the FBM KLCI rose 3.4%, reaching a new high of 1,752 points on the first trading day post-election. The strong performance of the equity market was primarily driven by the construction and

property sectors amid expectations of the continuation of projects under the Economic Transformation Programme (ETP). Subsequently, investor sentiments were affected by developments surrounding the possible scale-back of the Fed's asset purchase programme, prompting non-resident investors to reduce their holdings of equities in emerging markets including Malaysia. The impact was, however, mitigated by positive sentiment with respect to the export sector due to the recovery in demand for electrical and electronics (E&E) exports and expectations of rising crude palm oil prices in the second half of the year. This kept the domestic equity market on an upward trend, which peaked at 1,872.5 points on 30 December 2013.

[Source: Bank Negara Malaysia, Annual Report 2013]

PPB's share price closed higher at RM16.14 as compared with the closing price of RM11.60 in 2012 and accordingly, market capitalisation of PPB shares increased significantly to RM19.134 billion from RM13.752 billion.

PPB Share Price	2013 RM	2012 RM	Change %
Year High	16.20	17.98	(9.90)
Year Low	11.66	11.16	4.48
Year Close	16.14	11.60	39.14
Market Capitalisation	19.134 billion	13.752 billion	39.14

ADDITIONAL FINANCIAL INFORMATION

GROUP CASH FLOWS

Net cash generated from operating activities in 2013 was RM224.9 million compared with RM141.9 million in 2012 mainly due to higher profits generated from most of the Group's businesses.

Net cash used in investing activities was RM129.9 million. During the year, the Group spent RM178.7 million for capacity expansions in flour mills, bakery and cinemas; acquisition of shares in associates in Vietnam, China and Malaysia totalling RM129.7 million; and RM68.2 million advances to associates. The Group also received RM49.8 million from the sale of some quoted shares and an investment property. Dividends received from associates was RM184.7 million in 2013.

The net cash used in financing activities of RM180.7 million was mainly for dividend payments of RM249.0 million to shareholders. In 2013, the Group utilised RM67.2 million of revolving credits and short-term loan facilities; and repaid RM21.9 million of long-term loan facilities.

GROUP BANK BORROWINGS

As at 31 December 2013, the Group's borrowings were higher at RM419.6 million compared with RM373.8 million in 2012, of which 72% amounting to RM303.9 million were bills payable and trade facilities. The balance 28% amounting to RM115.7 million was made up of :

- a. Current portion of long-term loans, revolving credits, overdraft and hire purchase liabilities totalling RM26.0 million, repayable within 12 months; and
- b. Long-term bank loans and hire purchase liabilities totalling RM89.7 million, repayable within 5 years.

Most of the Group's borrowings were unsecured and based on floating rates of interest ranging from 2.00% to 10.05% per annum. The Group's exposure to foreign currency borrowings was RM289.6 million of which about 74% was USD-denominated.

GROUP CAPITAL EXPENDITURE

Total Group capital expenditure incurred during the year amounted to RM223.9 million and the major items were as follows :

- FFM Group spent RM29.7 million to expand its new flour mill in Indonesia; RM14.6 million to upgrade its flour mill facilities in Vung Tau, Vietnam; RM43.9 million to invest in a new flour mill in Quang Ninh, Vietnam and RM46.6 million on new baking machineries and supporting facilities.
- PPB Leisure Group spent RM15.3 million on the outfitting of new cinemas in City One, Kuching and Bintang Megamall, Miri; RM6.8 million on new cinemas to be opened in 2014; and a total of RM24.8 million to purchase 2D projectors, furniture and fittings, computer systems and replace cinema equipment.
- Chemquest Group spent RM7.8 million on office renovation, purchase of machineries, equipment and motor vehicles.

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 2013 set out on pages 66 to 156 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 28 March 2014.

DIRECTORS' REPORT

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 2013.

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 flour and animal feed milling, and grains trading; 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	990,939	190,996
Attributable to:		
Owners of the parent	982,573	190,996
Non-controlling interests	8,366	-
	990,939	190,996

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 2012 as disclosed in the Directors' report of that year:	
Final single tier dividend of 13 sen per share paid on 3 June 2013	154,115
In respect of the financial year ended 31 December 2013:	
Interim single tier dividend of 8 sen per share paid on 27 September 2013	94,840
	248,955

The Directors have recommended a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2013 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 2013 would be 25 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 70 and 71.

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)
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	
Datuk Ong Hung Hock	
Soh Chin Teck	
Ahmad Riza bin Basir	(Appointed on 25 July 2013)
Tam Chiew Lin	(Appointed on 25 July 2013)
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	(Retired on 14 May 2013)

In accordance with Article 107 of the Company's Articles of Association ("Articles"), Mr Lim Soon Huat retires by rotation at the forthcoming AGM and being eligible, offers himself for re-election as a Director.

Encik Ahmad Riza bin Basir and Madam Tam Chiew Lin 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.

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

<i>No. of ordinary shares of RM1 each registered in the name of Directors</i>				
Name of Director	As at 1.1.13/ Date of appointment	Bought	Sold	As at 31.12.13
Datuk Oh Siew Nam	120,666	-	-	120,666
Tam Chiew Lin	6,000	-	-	6,000

<i>No. of ordinary shares of RM1 each in which the Directors are deemed to have interest</i>				
Name of Director	As at 1.1.13/ Date of appointment	Bought	Sold	As at 31.12.13
Datuk Oh Siew Nam	1,204,498	-	-	1,204,498
Tam Chiew Lin	10,000	-	-	10,000

Interest in subsidiary - Tego Sdn Bhd

<i>No. of ordinary shares of RM1 each in which the Director is deemed to have interest</i>				
Name of Director	As at 1.1.13	Bought	Sold	As at 31.12.13
Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company - Kuok Brothers Sdn Berhad

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Directors</i>			
	As at 1.1.13	Bought	Sold	As at 31.12.13
Lim Soon Huat	-	200,000	-	200,000
Datuk Ong Hung Hock	90,000	200,000	-	290,000

Name of Director	<i>No. of ordinary shares of RM1 each in which the Director is deemed to have interest</i>			
	As at 1.1.13	Bought	Sold	As at 31.12.13
Datuk Oh Siew Nam	4,966,667	-	-	4,966,667

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

Name of Director	<i>No. of ordinary shares of RM1 each in which the Director is deemed to have interest</i>			
	As at 1.1.13	Bought	Sold	As at 31.12.13
Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2013 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 pursuant to 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.

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.

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

LIM SOON HUAT
Managing Director

Kuala Lumpur
28 March 2014



THE VALUE PROPOSITION OF PASSION & CARE

The Group is mindful of its role in building communities and taking a holistic approach when delivering our products and services. Our customers must be able to experience not just the quality of our delivery but the passion and effort we take to make them feel that we care.



THE FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

For The Year Ended 31 December 2013

		2013	2012
	Note	RM'000	RM'000
Revenue	3	3,312,917	3,017,926
Cost of sales	4	(2,786,458)	(2,564,581)
Gross profit		526,459	453,345
Other income		119,990	71,697
Distribution costs		(144,954)	(132,683)
Administrative expenses		(135,611)	(131,264)
Other expenses		(78,356)	(52,482)
Share of net profits less losses of associates		785,662	712,545
Share of profits of joint venture		3,870	4,211
Finance costs	5	(13,643)	(8,555)
Profit before tax	6	1,063,417	916,814
Income tax expense	7	(72,478)	(48,617)
Profit for the year		990,939	868,197
Attributable to:			
Owners of the parent		982,573	842,152
Non-controlling interests		8,366	26,045
		990,939	868,197
Basic earnings per share attributable to owners of the parent (sen)	8	82.9	71.0

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	2013 RM'000	2012 RM'000
Profit for the year	990,939	868,197
<u>Other comprehensive income/(loss), net of tax</u>		
<i>Items that will be subsequently reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations arising during the year	844,905	(396,768)
Fair value of available-for-sale financial assets:		
- Gains arising during the year	53,271	32,039
- Reclassification adjustments to profit or loss upon disposal	(15,179)	(67)
Share of associates' other comprehensive loss	(225,530)	(19,215)
Total comprehensive income	<u>1,648,406</u>	<u>484,186</u>
Attributable to:		
Owners of the parent	1,637,484	463,560
Non-controlling interests	10,922	20,626
	<u>1,648,406</u>	<u>484,186</u>

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2013

	<i>Note</i>	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,195,996	1,095,882
Investment properties	10	204,090	222,224
Biological assets	11	2,877	2,760
Land held for property development	12	17,176	13,732
Goodwill	13	74,615	74,615
Other intangible assets	14	2,696	2,026
Investments in associates	16	12,628,152	11,293,797
Investment in joint venture	17	57,368	51,728
Other investments	18	660,634	617,709
Deferred tax assets	19	7,683	5,918
Total non-current assets		14,851,287	13,380,391
Current assets			
Inventories	21	508,493	476,227
Biological assets	11	17,370	14,268
Other intangible assets	14	11,957	11,636
Property development costs	22	23,165	29,338
Gross amount due from customers	23	20,035	28,715
Trade receivables	24	473,436	415,278
Other receivables, deposits and prepayments		78,335	108,023
Amounts due from associates	25	93,880	27,962
Derivative financial assets	26	5,263	7,195
Current tax assets		17,218	21,223
Deposits	27	498,348	956,651
Short-term fund placements	28	296,481	-
Cash and bank balances	29	170,162	93,433
		2,214,143	2,189,949
Non-current assets classified as held for sale	30	-	9,009
Total current assets		2,214,143	2,198,958
TOTAL ASSETS		17,065,430	15,579,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	31	1,185,500	1,185,500
Share premium		6,715	6,715
Other non-distributable reserves	32	209,684	(408,806)
Retained earnings		14,251,381	13,487,966
Equity attributable to owners of the parent		15,653,280	14,271,375
Non-controlling interests		538,617	493,996
Total equity		16,191,897	14,765,371
Non-current liabilities			
Long-term bank borrowings	33	89,657	85,212
Hire purchase liabilities	34	41	12
Deferred tax liabilities	35	79,984	70,923
Total non-current liabilities		169,682	156,147
Current liabilities			
Gross amount due to customers	23	4,271	15,013
Trade payables	36	181,887	160,281
Other payables and accruals	37	166,003	143,470
Amounts due to associates	25	578	802
Derivative financial liabilities	26	6,348	35,475
Hire purchase liabilities	34	45	14
Short-term borrowings	38	329,071	288,206
Bank overdrafts	39	739	390
Current tax liabilities		14,909	14,180
Total current liabilities		703,851	657,831
Total liabilities		873,533	813,978
TOTAL EQUITY AND LIABILITIES		17,065,430	15,579,349

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2013

←----- Attributable to owners of the parent -----				
←----- Non-distributable -----				
Note	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000
At 1 January 2012	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	40	-	-	-
Transfer of reserves	41	-	(410)	-
Dividends paid to shareholders of the Company	42	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-
Acquisition of additional shares in an existing subsidiary	43	-	-	-
Issue of shares to non-controlling interests		-	-	-
At 31 December 2012	1,185,500	6,715	60,532	(952,538)
Other comprehensive income	-	-	-	658,219
Profit for the year	-	-	-	-
Total comprehensive income	-	-	-	658,219
Changes in equity interest in an associate	40	-	-	(92)
Transfer of reserves	41	-	(15,401)	-
Dividends paid to shareholders of the Company	42	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-
Issue of shares to non-controlling interests		-	-	-
At 31 December 2013	1,185,500	6,715	45,131	(294,411)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
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
37,995	(59,967)	18,664	-	654,911	2,556	657,467
-	-	-	982,573	982,573	8,366	990,939
37,995	(59,967)	18,664	982,573	1,637,484	10,922	1,648,406
-	-	-	(6,532)	(6,624)	-	(6,624)
-	-	(20,928)	36,329	-	-	-
-	-	-	(248,955)	(248,955)	-	(248,955)
-	-	-	-	-	(580)	(580)
-	-	-	-	-	34,279	34,279
236,187	(23,923)	246,700	14,251,381	15,653,280	538,617	16,191,897

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2013

	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,063,417	916,814
Adjustments for non-cash items:		
Amortisation and depreciation	108,992	102,795
Bad and doubtful debts	5,164	212
Property, plant and equipment, investment properties and other intangible assets written off	5,436	607
Land held for property development written off	-	195
Impairment of property, plant and equipment	-	1,060
Impairment of investment property	134	-
Impairment of investment property written back	(32)	(44)
Impairment of property, plant and equipment written back	(301)	-
Goodwill written off	-	2
Net gain on disposal of property, plant and equipment and investment properties	(1,480)	(831)
Fair value gain on financial assets at fair value through profit or loss	(196)	(227)
Net gain on disposal of available-for-sale financial assets	(15,180)	(66)
Gain on disposal of financial assets at fair value through profit or loss	-	(1,040)
Share of net profits less losses of associates	(785,662)	(712,545)
Share of profits of joint venture	(3,870)	(4,211)
Inventories written down	367	1,756
Biological assets written down	-	3,440
Unrealised net foreign exchange losses	49,791	14,021
Unrealised net (gain)/loss on fair value of derivative financial instruments	(15,051)	12,819
Loss on recognition of loans and receivables	-	94
Interest expense	13,643	8,555
Dividend income	(23,454)	(11,934)
Income from short-term fund placements	(2,975)	-
Interest income	(25,401)	(30,005)
Rental income	(3,417)	(3,975)
Operating profit before working capital changes	369,925	297,492
Adjustments for working capital changes:		
Land and development expenditure	2,729	12,341
Inventories, biological assets and other intangible assets	(63,607)	(25,898)
Gross amounts due from/to customers	(2,062)	(9,198)
Receivables	(55,258)	(127,763)
Payables	35,368	43,369
Cash generated from operations	287,095	190,343
Tax paid	(62,211)	(48,469)
Net cash generated from operating activities	224,884	141,874

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional equity interest in an existing subsidiary	43	-	(32,211)
Acquisition of equity interest in associates		(129,749)	(88,580)
Advances to associates		(68,176)	(2,363)
Proceeds from disposal of other investments		24,034	13,784
Purchase of property, plant and equipment	44	(207,728)	(166,213)
Purchase of investment properties, biological assets and other intangible assets		(5,333)	(14,997)
Proceeds from disposal of property, plant and equipment and investment properties		26,516	2,101
Return of capital from joint venture		3,735	3,535
Dividends received from associates		184,650	154,898
Dividends received from other investments		10,117	11,860
Income received from short-term fund placements		2,764	-
Interest received		25,880	28,213
Rental received		3,417	3,975
Net cash used in investing activities		(129,873)	(85,998)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued to a non-controlling interest of a subsidiary		10,932	4,508
Revolving credits, banker's acceptance and short-term loans		67,189	85,705
Bank term loans		(21,876)	45,843
Payment of hire purchase liabilities		(40)	(14)
Advances from non-controlling interests of subsidiaries		28,970	2,038
Interest paid		(16,363)	(10,104)
Dividends paid to owners of the parent		(248,955)	(237,100)
Dividends paid to non-controlling interests of subsidiaries		(580)	(27,585)
Net cash used in financing activities		(180,723)	(136,709)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(85,712)	(80,833)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		1,049,694	1,132,923
EFFECTS OF EXCHANGE RATE CHANGES		270	(2,396)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		964,252	1,049,694
Represented by:			
Cash and bank balances		170,162	93,433
Deposits		498,348	956,651
Short-term fund placements		296,481	-
Bank overdrafts		(739)	(390)
		964,252	1,049,694

The accompanying notes form an integral part of the financial statements

INCOME STATEMENT

For The Year Ended 31 December 2013

	<i>Note</i>	2013 RM'000	2012 RM'000
Revenue	3	247,336	441,035
Cost of sales	4	(19,666)	(20,269)
Gross profit		227,670	420,766
Other income		26,584	18,988
Administrative expenses		(56,746)	(22,068)
Profit before tax	6	197,508	417,686
Income tax expense	7	(6,512)	(41,108)
Profit for the year		190,996	376,578

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	2013 RM'000	2012 RM'000
Profit for the year	190,996	376,578
<u>Other comprehensive income/(loss), net of tax</u>		
<i>Items that will be subsequently reclassified to profit or loss</i>		
Fair value of available-for-sale financial assets:		
- Gains arising during the year	50,485	32,620
- Reclassification adjustments to profit or loss upon disposal	(4,386)	195
Total comprehensive income	237,095	409,393

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

At As 31 December 2013

	Note	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	3,062	3,432
Investment properties	10	316,751	307,591
Investments in subsidiaries	15	1,439,442	1,417,267
Investments in associates	16	8,758,360	8,741,222
Other investments	18	641,231	591,988
Amounts due from a subsidiary	20	-	49,229
Total non-current assets		11,158,846	11,110,729
Current assets			
Trade receivables	24	506	400
Other receivables, deposits and prepayments		1,523	3,313
Amounts due from subsidiaries	20	529	5,153
Amounts due from associates	25	4,364	3,983
Deposits	27	297,960	605,155
Short-term fund placements	28	255,908	-
Cash and bank balances		5,869	11,906
Total current assets		566,659	629,910
TOTAL ASSETS		11,725,505	11,740,639
EQUITY AND LIABILITIES			
Equity			
Share capital	31	1,185,500	1,185,500
Share premium		6,715	6,715
Fair value reserve		(91,033)	(137,132)
Retained earnings		10,604,981	10,662,940
Total equity		11,706,163	11,718,023
Non-current liability			
Deferred tax liabilities	35	723	2,584
Current liabilities			
Other payables and accruals	37	13,094	14,553
Amounts due to subsidiaries	20	5,153	5,153
Bank overdrafts	39	209	-
Current tax liabilities		163	326
Total current liabilities		18,619	20,032
Total liabilities		19,342	22,616
TOTAL EQUITY AND LIABILITIES		11,725,505	11,740,639

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2013

	<i>Note</i>	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2012		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 paid to shareholders of the Company	42	-	-	-	(237,100)	(237,100)
At 31 December 2012		1,185,500	6,715	(137,132)	10,662,940	11,718,023
Other comprehensive income		-	-	46,099	-	46,099
Profit for the year		-	-	-	190,996	190,996
Total comprehensive income		-	-	46,099	190,996	237,095
Dividends paid to shareholders of the Company	42	-	-	-	(248,955)	(248,955)
At 31 December 2013		1,185,500	6,715	(91,033)	10,604,981	11,706,163

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2013

	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	197,508	417,686
Adjustments for non-cash items:		
Amortisation and depreciation	7,449	7,460
Property, plant and equipment and investment properties written off	380	109
Loss on strike-off of a subsidiary	-	1
Loss/(Gain) on disposal of property, plant and equipment and investment property	20	(772)
Bad and doubtful debts	320	32
Impairment of investments in subsidiaries	24,497	-
Impairment of investment in an associate	10,243	-
(Gain)/Loss on disposal of available-for-sale financial assets	(4,386)	195
Unrealised foreign exchange gain	(4)	(4)
Gain on recognition of loans and receivables	(490)	(558)
Dividend income	(212,177)	(409,915)
Income from short-term fund placements	(2,763)	-
Interest income	(17,953)	(16,681)
Operating profit/(loss) before working capital changes	2,644	(2,447)
Adjustments for working capital changes:		
Receivables	342	(693)
Payables	(1,457)	6,113
Cash generated from operations	1,529	2,973
Tax paid	(4,702)	(3,610)
Net cash used in operating activities	(3,173)	(637)

STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	44	(357)	(2,201)
Purchase of investment properties		(16,324)	(12,697)
Proceeds from disposal of property, plant and equipment and investment properties		42	1,168
Proceeds from disposal of investments		14,576	191
Acquisition of equity interest in an associate		(27,381)	-
Subscription of redeemable preference shares of subsidiaries		(46,672)	-
Repayment from subsidiaries		53,888	1,268
Advance to an associate		(200)	-
Dividends received from subsidiaries		11,500	213,000
Dividends received from associates		173,603	148,854
Dividends received from other investments		9,908	10,755
Income received from short-term fund placements		2,552	-
Interest received		19,456	16,295
Net cash generated from investing activities		194,591	376,633
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiaries		-	5,000
Dividends paid		(248,955)	(237,100)
Net cash used in financing activities		(248,955)	(232,100)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(57,537)	143,896
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		617,061	473,161
EFFECTS OF EXCHANGE RATE CHANGES		4	4
CASH AND CASH EQUIVALENTS CARRIED FORWARD		559,528	617,061
Represented by:			
Cash and bank balances		5,869	11,906
Deposits		297,960	605,155
Short-term fund placements		255,908	-
Bank overdrafts		(209)	-
		559,528	617,061

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

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.

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 FRSs and Amendments to FRSs, effective from financial periods beginning on or after:

1 July 2012

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
-----------------------	---

1 January 2013

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Transition Guidance
Amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134	Improvements to FRSs (2012)

The adoption of the above FRSs and Amendments to FRSs did not have significant financial impact on the Group and the Company except for the following:

FRS 12 - Disclosure of Interests in Other Entities

FRS 12 is a disclosure standard. It is applicable to interests in subsidiaries, associates and joint arrangements. The adoption of *FRS 12* has resulted in additional disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Amendments to FRS 101 – Presentation of Items of Other Comprehensive Income

The *Amendments to FRS 101* require items of other comprehensive income to be categorised as either (i) items that will not be subsequently reclassified to the income statement; or (ii) items that may be subsequently reclassified to the income statement when specific conditions are met. The *Amendments to FRS 101* have been applied retrospectively. Other than changes in presentation of items of other comprehensive income, the adoption of *Amendments to FRS 101* does not have significant impact on the amounts recognised in the financial statements.

2.3 Standards issued that are not yet effective

The Group and the Company have not applied the following new FRS, Amendments to FRSS and Issues Committee Interpretations (“IC Interpretation”) that have been issued by MASB and relevant to their operations but are not yet effective:

New FRS, Amendments to FRSS and IC Interpretation		Effective for financial periods beginning on or after
FRS 9	Financial Instruments	To be announced by MASB
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRS 3, FRS 8, FRS 13, FRS 116, FRS 124, FRS 138 and FRS 140	Annual improvements to FRSS 2010 – 2013 cycle	1 July 2014

The above new FRS, Amendments to FRSS and IC Interpretation 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 follows:

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* when it is mandated by the MASB.

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* and *IC Interpretation 15 Agreements for Construction of Real Estate*, including the entities' parent, significant investor and venturer ("Transitioning Entities"). Transitioning Entities are allowed to defer adoption of the new MFRS and continue to use the existing FRS framework.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group will be required to prepare its first MFRS financial statements when the new framework is mandated by the MASB.

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 stages of completion of the property development activities and engineering contracts are measured in accordance with the accounting policies set out in notes 2.11 and 2.15.

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 credits and 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 credits 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 recognise 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 joint venture

Investments in subsidiaries, associates and joint venture 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 joint venture 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 joint venture at the end of the reporting period are disclosed in notes 15, 16 and 17.

2.5 Subsidiaries

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 controlled by the Company made up to the end of the financial year.

The Company controls an entity if and only if the Company has all the following:

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

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.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events 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.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Change in ownership interest which does not result in a loss of control is accounted for within equity. Where the change 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.

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 fair value of the identifiable assets acquired. Any gain from bargain purchase (i.e. "negative goodwill") will be recognised directly in the income statement.

2.7 Associates and joint ventures

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In the Company's separate financial statements, investments in associates and joint ventures 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 amounts of the associate and joint venture disposed of are taken to the income statement.

Investments in associates or joint ventures 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 or joint ventures are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures.

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

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

Premium relating to an associate or a joint venture is included in the carrying value of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

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 or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

When the Group's share of losses exceeds its interest in an equity accounted associate or joint venture, 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 or joint ventures 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.

NOTES TO THE FINANCIAL STATEMENTS

When changes in the Group's interests in an associate do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

2.8 Property, plant and equipment

Measurement basis

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% - 10%	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.

2.9 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.

2.10 Biological assets

Biological assets comprise primarily livestock and oil palms.

(a) 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.

(b) 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.

2.11 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 are 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.

2.12 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.

(a) 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.

(b) 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.

2.13 Intangible assets

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

(a) 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.

(b) 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.

2.14 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.

(a) 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.

(b) 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.

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.

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 2.22.

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.

(c) 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.

(d) 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 prices for contracts with similar maturity profiles. The fair value of futures, options and swap contracts is determined by reference to available market information and option valuation methodology. Where the quoted prices are not available, fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

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.

2.15 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).

2.16 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.

2.17 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.

2.18 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.

Preference shares are classified as equity if they are non-redeemable or their redemption is at the discretion of the Company.

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

2.19 Income recognition

- (a) 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.
- (b) 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.

- (c) 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.
- (d) Revenue from services is measured at fair value of the consideration received and receivable and is recognised on an accrual basis when services are rendered.
- (e) Dividend income is recognised when the right to receive payment is established.
- (f) Interest income is recognised on a time proportion basis.
- (g) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.
- (h) Net voyage income is recognised over the period of the voyage on a pro-rata basis.

2.20 Foreign currencies

- (a) 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.

- (b) 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.

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.

(c) 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.

2.21 Impairment of non-financial assets

(a) 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.

- (b) Property, plant and equipment, investment properties, biological assets, land held for property development, other intangible assets, and investments in subsidiaries, associates and joint ventures

Property, plant and equipment, investment properties, biological assets, land held for property development, other intangible assets, and investments in subsidiaries, associates and joint ventures 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.

2.22 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 objective evidence of impairment.

- (a) 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.

(b) 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.

2.23 Employee benefits

(a) 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.

(b) 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.

(c) 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.

2.24 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.

2.25 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 credits only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax credits 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.

2.26 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.

2.27 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Sales of agricultural produce, food-based products and other goods	2,747,104	2,468,052	-	-
Contract revenue	78,825	132,063	-	-
Sale of development properties	45,130	44,110	-	-
Collections from cinema operations	335,822	281,281	-	-
Rental from leasing of investment properties	38,556	34,660	35,159	31,120
Waste management and other services rendered	44,026	45,826	-	-
Dividend income	23,454	11,934	212,177	409,915
	<u>3,312,917</u>	<u>3,017,926</u>	<u>247,336</u>	<u>441,035</u>

Included in the rental from leasing of investment properties is contingent rental amounting to RM1,018,334 (2012: RM786,024) for the Group and the Company.

4. COST OF SALES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables used	1,748,700	1,579,597	-	-
Finished goods purchased	454,571	406,857	-	-
Employee benefits expense	118,856	96,852	4,522	4,353
Depreciation and amortisation	77,948	72,735	7,084	7,074
Cost of film rights and rental	125,922	107,113	-	-
Rental of land and buildings	37,527	35,561	-	-
Others	222,934	265,866	8,060	8,842
	<u>2,786,458</u>	<u>2,564,581</u>	<u>19,666</u>	<u>20,269</u>

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCE COSTS

	Group	
	2013 RM'000	2012 RM'000
<i>Interest expense on:</i>		
Banker's acceptance	3,707	1,539
Revolving credits	159	156
Bank term loans	9,725	6,809
Bank overdrafts	9	11
Hire purchase	5	2
Others	38	38
	13,643	8,555

6. PROFIT BEFORE TAX

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Profit before tax is stated after charging:</i>				
Amortisation of other intangible assets	14,571	14,531	-	-
Auditors' remuneration				
- current year	1,012	867	80	78
- underprovision in prior year	-	46	-	5
Bad and doubtful debts	5,848	1,817	320	32
Depreciation				
- property, plant and equipment	88,895	82,683	628	629
- investment properties	5,358	5,414	6,821	6,831
- biological assets	168	167	-	-
Direct operating expenses				
- revenue-generating investment properties	23,557	23,332	22,770	22,598
- non-revenue generating investment properties	174	174	7	7
Directors' remuneration				
- Company's directors				
- fees	306	262	281	237
- other emoluments	6,591	10,400	4,662	8,683
- Subsidiaries' directors				
- fees	251	268	-	-
- other emoluments	10,991	10,647	-	-

6. PROFIT BEFORE TAX (continued)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Foreign exchange loss				
- realised	4,420	6,495	-	1
- unrealised	57,611	14,355	-	-
Fair value loss on derivative financial instruments	4,371	13,560	-	-
Loss on disposal				
- property, plant and equipment	93	266	20	20
- available-for-sale financial assets	469	-	-	195
Impairment				
- property, plant and equipment	-	1,060	-	-
- investment property	134	-	-	-
- investments in subsidiaries	-	-	24,497	-
- investment in an associate	-	-	10,243	-
Goodwill written off	-	2	-	-
Operating leases				
- minimum lease payments for land and buildings	31,470	28,027	773	690
- minimum lease payments for equipment	887	764	-	-
- contingent rent	9,376	7,025	-	-
Loss on strike-off of a subsidiary	-	-	-	1
Assets written off				
- land held for property development	-	195	-	-
- property, plant and equipment	5,086	533	37	36
- investment properties	343	73	343	73
- other intangible assets	7	1	-	-
Assets written down				
- inventories	367	1,756	-	-
- biological assets	-	3,440	-	-
Loss on recognition of loans and receivables	-	94	-	-
<i>and crediting:</i>				
Gross dividends from unquoted subsidiaries in Malaysia	-	-	15,334	250,256
Gross dividends from associates				
- quoted outside Malaysia	-	-	160,477	146,154
- unquoted in Malaysia	-	-	13,126	2,700

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX (continued)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Gross dividends from other investments				
- quoted in Malaysia	4,267	5,185	4,200	4,827
- quoted outside Malaysia	19,187	6,749	19,040	5,978
Interest income	25,401	30,005	17,953	16,681
Income from short-term fund placements	2,975	-	2,763	-
Rental income from investment properties	3,417	3,975	-	-
Allowance for doubtful debts written back	684	1,605	-	-
Bad debt recovered	3	46	-	-
Impairment written back				
- property, plant and equipment	301	-	-	-
- investment property	32	44	-	-
Foreign exchange gain				
- realised	10,912	9,376	-	-
- unrealised	7,820	334	4	4
Fair value gain				
- financial assets at fair value through profit or loss	196	227	-	-
- derivative financial instruments	34,293	87	-	-
Gain on recognition of loans and receivables	-	-	490	558
Gain on disposal				
- financial assets at fair value through profit or loss	-	1,040	-	-
- available-for-sale financial assets	15,649	66	4,386	-
- property, plant and equipment	399	305	-	-
- investment properties	1,174	792	-	792

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Company's directors	112	84	69	50
Subsidiaries' directors	194	197	-	-

7. INCOME TAX EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current	62,471	50,230	8,343	41,267
Deferred	(1,055)	(4,018)	26	112
	<u>61,416</u>	<u>46,212</u>	<u>8,369</u>	<u>41,379</u>
Foreign taxation				
Current	2,056	1,968	-	-
Deferred	9,138	(270)	-	-
	<u>72,610</u>	<u>47,910</u>	<u>8,369</u>	<u>41,379</u>
(Over)/Underprovision in prior year				
Malaysian taxation				
Current	(1,667)	3,780	30	(112)
Deferred	(849)	(2,978)	(1,887)	(159)
Foreign taxation				
Current	2,378	(95)	-	-
Deferred	6	-	-	-
	<u>72,478</u>	<u>48,617</u>	<u>6,512</u>	<u>41,108</u>

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 joint venture, analysed as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Accounting profit	<u>273,885</u>	<u>200,058</u>	<u>197,508</u>	<u>417,686</u>
Taxation at applicable tax rate	67,461	49,206	49,377	104,422
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividends	(5,851)	(2,858)	(49,211)	(65,173)
- income from short-term fund placements	(744)	-	(691)	-
- gain on disposal of land and buildings	(294)	(198)	-	(198)
- fair value gain on financial assets at fair value through profit or loss	(32)	(37)	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (continued)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
- gain on disposal of financial assets at fair value through profit or loss	-	(172)	-	-
- gain on disposal of available-for-sale financial assets	(3,912)	(17)	(1,097)	-
- realised foreign exchange gain	(4,052)	-	-	-
- others	(2,536)	(1,462)	(124)	(141)
Expenses eligible for double deduction	(343)	(493)	-	-
Non-deductible expenses				
- impairment of subsidiaries	-	-	6,124	-
- impairment of an associate	-	-	2,561	-
- unrealised loss on derivative financial instruments	-	3,205	-	-
- loss on disposal of available-for-sale financial assets	117	-	-	49
- property, plant and equipment written off	1,280	113	9	9
- allowance for doubtful debt	1,447	5	65	-
- others	7,110	5,372	1,356	2,411
Utilisation of reinvestment allowance	(118)	(7,798)	-	-
Withholding tax on undistributed profit of foreign associates	9,983	-	-	-
Reversal of deferred tax liability upon disposal of an investment property	(3,986)	-	-	-
Deferred tax assets not recognised	7,080	3,044	-	-
(Over)/Underprovision in prior year	(132)	707	(1,857)	(271)
	72,478	48,617	6,512	41,108

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	
	2013	2012
Attributable to owners of the parent (RM'000)	982,573	842,152
Number of ordinary shares in issue ('000)	1,185,500	1,185,500
Basic earnings per share attributable to owners of the parent (sen)	82.9	71.0

9. PROPERTY, PLANT AND EQUIPMENT

Group Cost/Valuation	Land and buildings			Plant and machinery 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
	Freehold RM'000	Long	Short					
		leasehold	leasehold					
		RM'000	RM'000					
At 1.1.2013	186,558	273,794	376,834	665,074	116,135	108,641	89,133	1,816,169
Additions	1,128	2,353	26,102	66,464	9,689	11,057	101,816	218,609
Disposals	-	-	-	(897)	(5,171)	(184)	-	(6,252)
Exchange differences	-	-	(10,731)	(8,234)	5,838	(35)	(15,152)	(28,314)
Write-offs	-	(5)	(4,950)	(26,059)	(141)	(2,257)	-	(33,412)
Reclassifications	640	4,165	351	4,848	-	252	(10,256)	-
Transfer from other intangible assets	-	-	-	35	-	7	-	42
At 31.12.2013	188,326	280,307	387,606	701,231	126,350	117,481	165,541	1,966,842
Accumulated depreciation								
At 1.1.2013	55,895	52,532	143,558	349,017	51,173	65,623	-	717,798
Charge for the year	4,848	6,556	18,820	40,713	8,252	9,706	-	88,895
Disposals	-	-	-	(849)	(4,879)	(128)	-	(5,856)
Exchange differences	-	-	(658)	(4,018)	816	(4)	-	(3,864)
Write-offs	-	(2)	(4,950)	(21,134)	(141)	(2,099)	-	(28,326)
Reclassifications	-	(6)	(2)	177	-	(169)	-	-
Transfer from other intangible assets	-	-	-	9	-	2	-	11
At 31.12.2013	60,743	59,080	156,768	363,915	55,221	72,931	-	768,658
Accumulated impairment losses								
At 1.1.2013	476	-	523	1,060	-	430	-	2,489
Impairment written back	-	-	-	(301)	-	-	-	(301)
At 31.12.2013	476	-	523	759	-	430	-	2,188
Net book value at 31.12.2013	127,107	221,227	230,315	336,557	71,129	44,120	165,541	1,195,996
- cost	127,107	220,842	230,315	336,557	71,129	44,120	165,541	1,195,611
- valuation	-	385	-	-	-	-	-	385
	127,107	221,227	230,315	336,557	71,129	44,120	165,541	1,195,996

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Group Cost/Valuation	Land and buildings			Plant and machinery 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
	Freehold RM'000	Long	Short					
		leasehold RM'000	leasehold RM'000					
At 1.1.2012	186,425	271,000	347,855	648,989	107,263	96,972	9,485	1,667,989
Additions	133	3,562	30,614	22,795	15,379	15,569	93,826	181,878
Disposals	-	-	-	(715)	(3,519)	(409)	-	(4,643)
Exchange differences	-	-	(8,942)	(8,108)	(2,988)	(468)	(3,351)	(23,857)
Write-offs	-	-	(591)	(1,464)	-	(3,541)	-	(5,596)
Reclassifications	-	(768)	7,898	3,697	-	-	(10,827)	-
Transfer from inventories	-	-	-	-	-	518	-	518
Transfer to other intangible assets	-	-	-	(120)	-	-	-	(120)
At 31.12.2012	186,558	273,794	376,834	665,074	116,135	108,641	89,133	1,816,169
Accumulated depreciation								
At 1.1.2012	51,943	46,004	127,421	316,798	46,286	60,264	-	648,716
Charge for the year	3,952	6,536	17,813	37,445	8,024	8,913	-	82,683
Disposals	-	-	-	(604)	(2,880)	(264)	-	(3,748)
Exchange differences	-	-	(1,103)	(3,266)	(257)	(149)	-	(4,775)
Write-offs	-	-	(573)	(1,349)	-	(3,141)	-	(5,063)
Reclassifications	-	(8)	-	8	-	-	-	-
Transfer to other intangible assets	-	-	-	(15)	-	-	-	(15)
At 31.12.2012	55,895	52,532	143,558	349,017	51,173	65,623	-	717,798
Accumulated impairment losses								
At 1.1.2012	476	-	523	-	-	430	-	1,429
Charge for the year	-	-	-	1,060	-	-	-	1,060
At 31.12.2012	476	-	523	1,060	-	430	-	2,489

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land and buildings			Plant and machinery	Motor vehicles and vessel	Furniture, fittings, office and other equipment	Capital work-in- progress	Total
	Long		Short					
	Freehold	leasehold						
	RM'000	RM'000						
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

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM2.211 million (2012: RM1.479 million).

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 (2012: RM3).

Title deeds to certain freehold land and buildings of the Group with net book value of RM2.842 million (2012: RM2.945 million) have yet to be issued by the relevant authorities.

Property, plant and equipment of the Group with net book value of approximately RM159.067 million (2012: RM157.082 million) has been charged to secure the long-term bank loan referred to in note 33.

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.

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
Cost			
At 1.1.2013	1,884	3,391	5,275
Additions	110	247	357
Disposals	(229)	(25)	(254)
Write-offs	-	(40)	(40)
At 31.12.2013	1,765	3,573	5,338
Accumulated depreciation			
At 1.1.2013	503	1,340	1,843
Charge for the year	133	495	628
Disposals	(183)	(9)	(192)
Write-offs	-	(3)	(3)
At 31.12.2013	453	1,823	2,276
Net book value at 31.12.2013	1,312	1,750	3,062
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

10. INVESTMENT PROPERTIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost/Valuation				
At 1 January	325,429	313,430	321,238	308,670
Additions	3,301	13,013	16,324	12,697
Disposals	(15,698)	(41)	-	(41)
Write-offs	(350)	(973)	(350)	(88)
At 31 December	312,682	325,429	337,212	321,238
Accumulated depreciation				
At 1 January	96,283	91,769	9,625	2,809
Charge for the year	5,358	5,414	6,821	6,831
Disposals	(66)	-	-	-
Write-offs	(7)	(900)	(7)	(15)
At 31 December	101,568	96,283	16,439	9,625
Accumulated impairment losses				
At 1 January	6,922	6,966	4,022	4,022
Charge for the year	134	-	-	-
Write back	(32)	(44)	-	-
At 31 December	7,024	6,922	4,022	4,022
Net book value at 31 December	204,090	222,224	316,751	307,591
- cost	198,033	216,167	316,751	307,591
- valuation	6,057	6,057	-	-
	204,090	222,224	316,751	307,591
Fair value at 31 December	689,863	602,905	401,040	352,680

Title deeds to certain investment properties of the Group with net book value of RM10.660 million (2012: RM8.697 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 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.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT PROPERTIES (continued)

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 were 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	
	2013 RM'000	2012 RM'000
Plantation development expenditure <i>(included under non-current assets)</i>		
Cost		
At 1 January	4,599	4,272
Additions	285	327
At 31 December	4,884	4,599
Accumulated depreciation		
At 1 January	1,839	1,672
Charge for the year	168	167
At 31 December	2,007	1,839
Net book value at 31 December	2,877	2,760
Biological assets <i>(included under current assets)</i>		
Livestock at cost/net realisable value	17,370	14,268

12. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
Cost				
At 1 January 2013	4,533	263	8,936	13,732
Additions	-	-	6,484	6,484
Transfer to property development costs	(20)	-	(3,020)	(3,040)
At 31 December 2013	4,513	263	12,400	17,176

12. LAND HELD FOR PROPERTY DEVELOPMENT (continued)

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

13. GOODWILL

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 January	74,615	74,617
Goodwill written off	-	(2)
At 31 December	74,615	74,615

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	
	2013 RM'000	2012 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	754
	74,615	74,615

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 12.59% (2012: 12.33%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 12.48% (2012: 12.80%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

NOTES TO THE FINANCIAL STATEMENTS

13. GOODWILL (continued)

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 12.00% (2012: 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 4.89% to 12.69% (2012: between 8.20% to 14.90%) are applied to cash flow projections which also reflect the specific risks relating to the CGUs.

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	
	2013	2012
	RM'000	RM'000
Computer software		
<i>(included under non-current assets)</i>		
Cost		
At 1 January	10,506	8,778
Additions	1,748	1,655
Write-offs	(166)	(37)
Transfer (to)/from property, plant and equipment	(42)	120
Exchange differences	(10)	(10)
At 31 December	<u>12,036</u>	<u>10,506</u>
Accumulated amortisation		
At 1 January	8,480	7,380
Charge for the year	1,039	1,123
Write-offs	(159)	(36)
Transfer (to)/from property, plant and equipment	(11)	15
Exchange differences	(9)	(2)
At 31 December	<u>9,340</u>	<u>8,480</u>
Carrying amount as at 31 December	<u>2,696</u>	<u>2,026</u>

14. OTHER INTANGIBLE ASSETS (continued)

	Group	
	2013 RM'000	2012 RM'000
Film rights		
<i>(included under current assets)</i>		
Cost		
At 1 January	61,826	55,980
Additions	13,853	13,031
Rights expired	(6,757)	(7,185)
At 31 December	<u>68,922</u>	<u>61,826</u>
Accumulated amortisation		
At 1 January	50,190	43,967
Charge for the year	13,532	13,408
Rights expired	(6,757)	(7,185)
At 31 December	<u>56,965</u>	<u>50,190</u>
Carrying amount as at 31 December	<u>11,957</u>	<u>11,636</u>

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares at cost	1,463,939	1,417,267
Impairment loss on unquoted shares at cost	(24,497)	-
	<u>1,439,442</u>	<u>1,417,267</u>

The subsidiaries are listed in note 56.

The Group has assessed the non-controlling interests in the subsidiaries of the Group and has determined that the non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Shares quoted outside Malaysia at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	315,967	184,390	83,999	56,618
	8,396,336	8,264,759	8,768,628	8,741,247
Impairment loss on unquoted shares	(4,705)	(4,705)	(10,268)	(25)
Group's share of post-acquisition reserves	4,236,521	3,033,743	-	-
	12,628,152	11,293,797	8,758,360	8,741,222
Market value of quoted shares	10,408,042	9,808,174	10,408,042	9,808,174

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM434,000 and RM641,000 (2012: RM207,000 and RM207,000), respectively have not been recognised in the Group's 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 Group's material associate as at 31 December is as follows:

<u>Wilmar International Ltd</u>	2013 RM'000	2012 RM'000
Non-current assets	60,296,545	54,032,343
Current assets	91,556,842	72,947,154
Non-current liabilities	(24,839,872)	(16,266,888)
Current liabilities	(76,264,975)	(65,578,179)
Net assets	50,748,540	45,134,430
Revenue	139,718,594	140,304,642
Profit for the year	4,188,781	3,808,695
Other comprehensive (loss)/income	(1,278,863)	436,140
Total comprehensive income	2,909,918	4,244,835

16. INVESTMENTS IN ASSOCIATES (continued)

The reconciliation of the summarised financial information of the Group's material associate to the carrying amount of interest in the associate is as follows:

	2013 RM'000	2012 RM'000
Net assets	50,748,540	45,134,430
Proportion of ownership interest held by the Group	18.3%	18.3%
Group's share of net assets	9,297,133	8,273,141
Goodwill	3,379,505	3,149,199
Other adjustments		
- Non-controlling interests' share of associate's net assets	(531,361)	(476,787)
- Others	(12,806)	(8,205)
Carrying amount of the Group's interest in the associate	<u>12,132,471</u>	<u>10,937,348</u>

The Group has received dividends from Wilmar International Ltd for the current year amounting to RM160.477 million (2012: RM146.154 million).

The summarised aggregate financial information of the Group's share of other individually non-material associates as at 31 December is as follows:

	2013 RM'000	2012 RM'000
Profit for the year	21,912	18,210
Other comprehensive loss	(3,813)	(6,158)
Total comprehensive income	<u>18,099</u>	<u>12,052</u>
Carrying amount of the Group's interest in associates	<u>495,681</u>	<u>356,449</u>

The associates are listed in note 57.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN JOINT VENTURE

	Group	
	2013 RM'000	2012 RM'000
Capital contribution, at cost	7,325	11,060
Group's share of post-acquisition reserves	50,043	40,668
	<u>57,368</u>	<u>51,728</u>

The summarised financial information of the Group's share of joint venture as at 31 December is as follows:

	2013 RM'000	2012 RM'000
Profit for the year	3,870	4,211
Total comprehensive income for the year	<u>3,870</u>	<u>4,211</u>

The joint venture is listed in note 58.

18. OTHER INVESTMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Classified as available-for-sale financial assets</u>				
Shares quoted in Malaysia at market value	253,842	213,387	247,800	200,211
Shares quoted outside Malaysia at market value	405,188	402,988	393,165	391,511
Unquoted shares at cost	427	427	266	266
	<u>659,457</u>	<u>616,802</u>	<u>641,231</u>	<u>591,988</u>
<u>Classified as financial assets at fair value through profit or loss</u>				
Shares quoted outside Malaysia at market value	1,177	907	-	-
	<u>660,634</u>	<u>617,709</u>	<u>641,231</u>	<u>591,988</u>

19. DEFERRED TAX ASSETS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,918	7,557	-	-
Exchange translation differences	(56)	(29)	-	-
Originating/(Reversal) during the year	1,821	(1,610)	-	-
At 31 December	7,683	5,918	-	-

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Tax effects of				
- Unabsorbed tax losses	9,906	6,045	-	-
- Unabsorbed capital allowances	7,062	-	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	(9,285)	(127)	-	-
	7,683	5,918	-	-

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	87,442	49,978	18,199	18,199
Unabsorbed capital allowances	78,180	65,368	-	-
Unutilised investment tax allowances	872	15,936	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(33,630)	(26,732)	-	-
	132,864	104,550	18,199	18,199

NOTES TO THE FINANCIAL STATEMENTS

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

Amount due from subsidiary included under non-current assets

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

	Company	
	2013	2012
	RM'000	RM'000
Bearing interest at nil% (2012: 3.32%) p.a.	-	49,229

Amount due from a subsidiary included under current assets

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

	Company	
	2013	2012
	RM'000	RM'000
Bearing interest at nil% (2012: 3.32%) p.a.	-	4,671
Interest-free	529	482
	<u>529</u>	<u>5,153</u>

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	
	2013	2012
	RM'000	RM'000
At cost/net realisable value		
Raw materials	378,036	369,719
Work-in-progress	7,719	9,464
Finished goods	100,802	74,556
Completed development properties	1,748	2,953
Sundry stores and consumables	20,188	19,535
	<u>508,493</u>	<u>476,227</u>

22. PROPERTY DEVELOPMENT COSTS

	Group	
	2013 RM'000	2012 RM'000
Freehold land - at cost	3,927	3,927
- at valuation	748	748
Development and construction costs	24,663	39,061
At 1 January	29,338	43,736
Development costs incurred during the year	18,817	5,390
Cost recognised in income statement during the year	(27,959)	(18,081)
Transferred from land held for property development	3,040	-
Transferred to inventories	(71)	(1,707)
At 31 December	23,165	29,338

23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2013 RM'000	2012 RM'000
Aggregate contract expenditure incurred to-date	526,837	460,667
Attributable profit recognised to-date	69,557	57,616
	596,394	518,283
Progress billings to-date	(580,630)	(504,581)
	15,764	13,702
Gross amount due from customers	20,035	28,715
Gross amount due to customers	(4,271)	(15,013)
	15,764	13,702
Progress billings comprise:		
Progress billings		
- received	562,383	487,116
- receivable	5,495	3,659
Retention sums	12,752	13,806
	580,630	504,581

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade receivables	485,314	426,765	580	418
Allowance for doubtful debts	(11,878)	(11,487)	(74)	(18)
	473,436	415,278	506	400

Credit terms granted to customers normally range from 14 to 120 days.

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade balances	469	863	-	-
Advances bearing interest ranging from 0.71% to 4.32% (2012: 0.79% to 4.32%) p.a.	93,961	24,549	4,364	3,982
Interest-free advances	3,248	2,739	-	1
	97,678	28,151	4,364	3,983
Allowance for doubtful debts	(3,798)	(189)	-	-
	93,880	27,962	4,364	3,983

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

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	
	2013 RM'000	2012 RM'000
Assets designated at fair value through profit or loss		
- Forward contracts	351	6
- Futures and options contracts	4,912	7,189
	<u>5,263</u>	<u>7,195</u>
Liabilities designated at fair value through profit or loss		
- Forward contracts	(28)	(1,154)
- Futures and options contracts	(6,320)	(34,321)
	<u>(6,348)</u>	<u>(35,475)</u>

27. DEPOSITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits with licensed banks				
- in Malaysia	446,671	909,954	297,960	605,155
- outside Malaysia	51,677	46,697	-	-
	<u>498,348</u>	<u>956,651</u>	<u>297,960</u>	<u>605,155</u>

The effective interest rates range from 0.17% to 10.00% (2012: 0.20% to 8.00%) p.a. All the deposits have maturities of less than one year.

28. SHORT-TERM FUND PLACEMENTS

Short-term fund placements represent investment in highly liquid money market instruments. This investment is readily convertible to cash and has insignificant risk of changes in value.

The effective returns per annum of the short-term fund for the year range from 3.05% to 3.60% p.a. (2012: not applicable).

NOTES TO THE FINANCIAL STATEMENTS

29. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM25.7 million (2012: RM18.1 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% (2012: 2%) p.a.

30. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The disposal of investment property amounting to RM9.009 million classified as held for sale in 2012 was completed in 2013 with a gain of RM1.174 million.

At 31 December 2012, since the fair values less costs to sell of the assets classified as held for sale exceeded their net carrying amounts, no impairment loss was recognised.

The assets classified as held for sale were as follows:

	Group	
	2013 RM'000	2012 RM'000
Investment properties		
At cost	-	13,847
Accumulated depreciation	-	(4,838)
Net book value	-	9,009

31. SHARE CAPITAL

	<-----2013----->		<-----2012----->	
	Number of shares '000	RM'000	Number of shares '000	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

32. OTHER NON-DISTRIBUTABLE RESERVES

	Group	
	2013	2012
	RM'000	RM'000
Revaluation reserve	45,131	60,532
Exchange translation reserve	(294,411)	(952,538)
Fair value reserve	236,187	198,192
Hedge reserve	(23,923)	36,044
Capital reserve	246,700	248,964
	<u>209,684</u>	<u>(408,806)</u>

Details of the capital reserve are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Share of capital reserves of associates	223,027	225,291
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 subsidiary	22	22
	<u>246,700</u>	<u>248,964</u>

33. LONG-TERM BANK BORROWINGS

	Group	
	2013	2012
	RM'000	RM'000
<i>Secured:</i>		
United States Dollars-denominated loans bearing interest ranging from 1.25% to 2.25% p.a. above SIBOR (effective interest rate: 2.49% to 3.50% (2012: 2.58% to 3.50%) p.a.) repayable in full between 2015 and 2018 (<i>see note 9</i>)	109,102	92,304
<i>Unsecured:</i>		
Chinese Yuan Renminbi-denominated loan bearing interest at nil (2012: 7.05%) p.a., repayable in full by 2014	-	5,515
	<u>109,102</u>	<u>97,819</u>
Repayments due within the next 12 months included under short-term borrowings (<i>see note 38</i>)	(19,445)	(12,607)
Repayments due after 12 months	<u>89,657</u>	<u>85,212</u>
The bank term loans are repayable as follows:		
- within one year (<i>included under current liabilities</i>)	19,445	12,607
- later than one year but not later than five years	89,657	78,045
- later than five years	-	7,167
	<u>109,102</u>	<u>97,819</u>

NOTES TO THE FINANCIAL STATEMENTS

34. HIRE PURCHASE LIABILITIES

	Group	
	2013 RM'000	2012 RM'000
Outstanding hire purchase instalments due:		
- within one year	49	15
- later than one year but not later than five years	42	13
	<u>91</u>	<u>28</u>
Unexpired term charges	(5)	(2)
Outstanding principal amount due	<u>86</u>	<u>26</u>
Outstanding principal amount due as follows:		
- within one year (<i>included under current liabilities</i>)	45	14
- later than one year but not later than five years	41	12
	<u>86</u>	<u>26</u>

The effective interest rates of the hire purchase liabilities for the year range from 4.78% to 6.17% (2012: 6.17%) p.a.

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	70,923	79,800	2,584	2,631
Originating/(Reversal) during the year	9,061	(8,877)	(1,861)	(47)
At 31 December	<u>79,984</u>	<u>70,923</u>	<u>723</u>	<u>2,584</u>

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	59,251	65,439	723	2,584
- Surplus on revaluation of land and buildings	12,063	16,619	-	-
- Unabsorbed capital allowances	-	(874)	-	-
- Unabsorbed tax losses	-	(6,108)	-	-
- Other temporary differences	8,670	(4,153)	-	-
	<u>79,984</u>	<u>70,923</u>	<u>723</u>	<u>2,584</u>

36. TRADE PAYABLES

The normal credit terms extended by suppliers of the subsidiaries 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.

37. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unpaid property, plant and equipment and investment properties acquired	16,557	9,401	-	-
Interest accrued	799	1,308	-	-
Other payables	76,516	67,394	178	27
Accruals	57,206	51,373	4,068	6,466
Tenants and other deposits	14,925	13,994	8,848	8,060
	<u>166,003</u>	<u>143,470</u>	<u>13,094</u>	<u>14,553</u>

Included in other payables is an amount of RM35.493 million (2012: RM31.642 million) due to non-controlling interests in subsidiaries. This amount represents unsecured advances bearing interest from 3.00% to 3.50% (2012: 3.00%) p.a. which are repayable on demand.

38. SHORT-TERM BORROWINGS

	Group	
	2013	2012
	RM'000	RM'000
<i>Unsecured:</i>		
Trust receipt	-	78
Banker's acceptance	126,459	139,800
Revolving credits	5,737	2,300
Bank term loans	177,430	133,421
Current portion of long-term bank loans (<i>see note 33</i>)	-	2,767
	<u>309,626</u>	<u>278,366</u>
<i>Secured:</i>		
Current portion of long-term bank loans (<i>see note 33</i>)	19,445	9,840
	<u>329,071</u>	<u>288,206</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

38. SHORT-TERM BORROWINGS (continued)

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

	Group	
	2013	2012
	% p.a.	% p.a.
Trust receipt	-	7.60
Banker's acceptance	3.30 - 3.73	3.32 - 3.34
Revolving credits	4.56 - 6.55	4.50 - 4.80
Bank term loans	2.00 - 10.05	2.35 - 7.30

39. BANK OVERDRAFTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unsecured bank overdrafts	739	390	209	-

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 8.10% (2012: between 6.60% and 7.60%) p.a.

40. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2013	2012
	RM'000	RM'000
Effect of changes in equity interest in an associate		
- Exchange translation reserve	(92)	-
- Retained earnings	(6,532)	8,447
	(6,624)	8,447

41. 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 a reserve fund.

42. DIVIDENDS

	2013 RM'000	2012 RM'000
<i>In respect of the financial year ended 31 December 2011</i>		
Final single tier dividend of 13 sen per share	-	154,115
<i>In respect of the financial year ended 31 December 2012</i>		
Interim single tier dividend of 7 sen per share	-	82,985
Final single tier dividend of 13 sen per share	154,115	-
	154,115	82,985
<i>In respect of the financial year ended 31 December 2013</i>		
Interim single tier dividend of 8 sen per share	94,840	-
	248,955	237,100

Subsequent to the financial year end, the Directors recommended the payment of a final single tier dividend of 17 sen per share amounting to RM201.535 million subject to shareholders' approval at the forthcoming Annual General Meeting.

43. ACQUISITION OF SHARES IN SUBSIDIARIES

There was no acquisition of shares in subsidiaries during the year.

The details of acquisition of additional interest in an existing subsidiary in 2012 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

43. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

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	
	2013	2012
	RM'000	RM'000
Non-controlling interests acquired	-	7,068
Changes in interest in subsidiary	-	25,143
Net cash outflow on acquisition	-	32,211

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment (see note 9)	218,609	181,878	357	2,201
Interest expense capitalised	(2,211)	(1,479)	-	-
Hire purchase capitalised	(100)	-	-	-
Deposits paid in prior year	(2,697)	(20,242)	-	-
Deposits paid in current year	1,283	2,697	-	-
Cash paid in respect of prior year acquisition	9,401	12,760	-	-
Unpaid balances included under other payables	(16,557)	(9,401)	-	-
Cash paid during the financial year	207,728	166,213	357	2,201

45. LIQUIDATION OF SUBSIDIARIES

There were no subsidiaries liquidated in 2013.

The subsidiary liquidated in 2012 was Cipta Quantum Sdn Bhd.

45. LIQUIDATION OF SUBSIDIARIES (continued)

An analysis of the liquidation is as follows:

	Group	
	2013 RM'000	2012 RM'000
Total surplus assets and capital receivable from subsidiary liquidated during the year	-	342
Less:		
Cost of investment	-	(108)
Post-acquisition profit previously consolidated	-	(234)
Surplus arising from liquidation	-	-

46. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Transactions with subsidiaries</i>				
Interest received and receivable	-	-	1,570	1,902
<i>Transactions with associates</i>				
Management fee received	961	1,002	-	-
Film rental received	1,131	790	-	-
<i>Transactions with subsidiaries of ultimate holding company</i>				
Sales of goods	12,982	17,558	-	-
<i>Transactions with subsidiaries of associates</i>				
Purchase of goods	162,798	165,845	-	-
Sales of goods	3,324	7,481	-	-
Rental received	3,386	3,064	-	-
Security and other services paid and payable	1,616	1,439	-	-
Charter hire of vessels	64,264	80,311	-	-
Project management fee	3,018	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

46. RELATED PARTY DISCLOSURES (continued)

Significant outstanding balances with related parties were as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amounts owing by associates	469	863	-	-
Amounts owing to associates	578	802	-	-

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Directors</i>				
Short-term employee benefits	6,576	7,139	4,692	5,460
Post-employment benefits				
- EPF	433	907	320	810
- Gratuity	-	2,700	-	2,700
Sub-total	7,009	10,746	5,012	8,970
<i>Other key management personnel</i>				
Short-term employee benefits	16,967	15,724	1,914	1,450
Post-employment benefits				
- EPF	1,496	1,365	298	224
- Gratuity	-	184	-	-
Sub-total	18,463	17,273	2,212	1,674
Total compensation	25,472	28,019	7,224	10,644

47. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense	222,911	203,473	17,728	20,237
Post-employment benefits	20,366	17,948	1,860	2,201

48. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the current financial year.

The previously reported contingent liability of RM16.6 million arising from a warranty given to a purchaser of one of the Group's and Company's investments has been settled at RM1.9 million.

49. CAPITAL COMMITMENTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure				
- Property, plant and equipment				
- contracted	28,425	90,269	-	-
- not contracted	277,368	260,998	5,623	4,653
	305,793	351,267	5,623	4,653
- Other capital expenditure				
- contracted	134,636	185,011	25,419	-
Total capital commitments	440,429	536,278	31,042	4,653

NOTES TO THE FINANCIAL STATEMENTS

50. 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	
	2013	2012
	RM'000	RM'000
- within one year	28,116	27,408
- later than one year but not later than five years	27,662	23,176
- later than five years	327	493
	<u>56,105</u>	<u>51,077</u>

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	
	2013	2012
	RM'000	RM'000
- within one year	3,558	3,924
- later than one year but not later than five years	3,484	5,223
	<u>7,042</u>	<u>9,147</u>

51. SEGMENTAL REPORTING

The Group's operating and reportable segments (excluding associates and joint venture) 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 (2012: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

- | | |
|---|--|
| (i) Flour and feed milling, and grains trading | - Flour milling and manufacturing of animal feed, and wheat and maize trading |
| (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, 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 those obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

51. SEGMENTAL REPORTING (continued)

2013	Flour & feed milling, & grains trading RM'000	Marketing, distribution & manufacturing of consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	1,950,921	403,986	342,213
Inter-segment sales	101,246	4	-
Total revenue	2,052,167	403,990	342,213
RESULTS			
Segment results	124,486	23,837	49,404
Share of associates' profits	2,410	-	680
Share of joint venture's profit	-	-	-
Interest income			
Income from short-term fund placements			
Finance costs			
Unallocated corporate expense			
Profit before tax			
Income tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	1,479,154	226,777	257,841
Investments in associates	227,800	-	66,310
Investment in joint venture	-	-	-
Bank deposits and short-term fund placements			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	124,671	42,720	84,283
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	107,835	4,608	48,240
Unallocated corporate capital expenditure			
Amortisation and depreciation	32,630	4,277	42,755
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	36,685	492	5,072
Impairment of property, plant and equipment and investment property	-	-	(301)
Unallocated corporate non-cash items other than amortisation and depreciation			

NOTES TO THE FINANCIAL STATEMENTS

Environmental engineering, waste management & utilities RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Livestock farming RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
99,948	87,496	87,385	97,666	23,455	219,847	-	3,312,917
64	2,048	29,025	159	-	15,209	(147,755)	-
100,012	89,544	116,410	97,825	23,455	235,056	(147,755)	3,312,917
6,648	34,303	1,607	(7,494)	38,831	7,211	(798)	278,035
4,451	8,242	-	-	-	769,879	-	785,662
3,870	-	-	-	-	-	-	3,870
							25,401
							2,975
							(13,643)
							(18,883)
							1,063,417
							(72,478)
							990,939
68,240	294,609	55,561	114,162	660,631	394,154	(28)	3,551,101
39,582	150,654	-	-	-	12,143,806	-	12,628,152
57,368	-	-	-	-	-	-	57,368
							794,829
							24,901
							9,079
							17,065,430
51,016	16,989	12,732	2,895	-	20,945	(186)	356,065
							419,553
							94,893
							3,022
							873,533
6,532	3,587	939	2,804	-	49,184	-	223,729
							214
							223,943
1,873	5,681	2,239	5,702	-	13,453	-	108,610
							382
							108,992
64	(1,150)	-	(26)	(15,376)	2,798	-	28,559
-	102	-	-	-	-	-	(199)
							292
							28,652

NOTES TO THE FINANCIAL STATEMENTS

51. SEGMENTAL REPORTING (continued)

2012	Flour & feed milling, & grains trading RM'000	Marketing, distribution & manufacturing of consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	1,751,745	388,579	289,681
Inter-segment sales	95,822	4	-
Total revenue	1,847,567	388,583	289,681
RESULTS			
Segment results	122,386	19,521	39,788
Share of associates' profits	13,426	-	607
Share of joint venture's profit	-	-	-
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
Investments in associates	180,683	-	3,828
Investment in joint venture	-	-	-
Bank deposits			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	154,042	34,865	67,743
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	122,193	2,035	34,884
Unallocated corporate capital expenditure			
Amortisation and depreciation	33,047	3,509	37,816
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	28,140	417	65
Impairment of property, plant and equipment and investment property	-	-	1,060
Unallocated corporate non-cash items other than amortisation and depreciation			

NOTES TO THE FINANCIAL STATEMENTS

Environmental engineering, waste management & utilities RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Livestock farming RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
155,129	79,081	89,287	58,796	11,934	193,694	-	3,017,926
59	1,683	26,943	18,826	-	14,700	(158,037)	-
155,188	80,764	116,230	77,622	11,934	208,394	(158,037)	3,017,926
9,476	22,291	1,757	(29,296)	13,498	(1,723)	334	198,032
2,877	1,677	-	-	-	693,958	-	712,545
4,211	-	-	-	-	-	-	4,211
							30,005
							(8,555)
							(19,424)
							916,814
							(48,617)
							868,197
71,224	302,641	54,100	110,104	617,710	363,930	(31)	3,238,298
34,766	115,015	-	-	-	10,959,505	-	11,293,797
51,728	-	-	-	-	-	-	51,728
							956,651
							27,141
							11,734
							15,579,349
44,003	14,331	14,988	2,696	-	19,186	(813)	351,041
							373,834
							85,103
							4,000
							813,978
3,031	13,227	2,635	1,195	-	15,737	-	194,937
							1,936
							196,873
1,400	5,204	2,320	5,733	-	13,365	-	102,394
							401
							102,795
(491)	268	18	3,472	(1,333)	949	-	31,505
-	(44)	-	-	-	-	-	1,016
							(535)
							31,986

NOTES TO THE FINANCIAL STATEMENTS

51. 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 are disclosed based on the geographical locations of the assets, and does not include investments in associates and joint venture, other investments and deferred tax assets.

	Revenue		Carrying amount of non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	2,652,835	2,449,318	1,207,557	1,168,729
Indonesia	410,636	334,063	195,496	208,086
Singapore	53,443	62,357	111	60
Other Asean countries	164,324	144,362	94,286	34,364
East Asia	17,847	16,278	-	-
Other Asian countries	1,914	160	-	-
European countries	2,021	2,104	-	-
America and Asia Pacific countries and others	9,897	9,284	-	-
	<u>3,312,917</u>	<u>3,017,926</u>	<u>1,497,450</u>	<u>1,411,239</u>

52. 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				
2013				
Other investments	-	659,457	1,177	660,634
Receivables	659,782	-	-	659,782
Derivative financial assets	-	-	5,263	5,263
Deposits, cash and bank balances	668,510	-	-	668,510
Short-term fund placements	-	-	296,481	296,481
Total financial assets	<u>1,328,292</u>	<u>659,457</u>	<u>302,921</u>	<u>2,290,670</u>

52. FINANCIAL INSTRUMENTS (continued)

Financial assets	Loans and receivables RM'000	Available- for-sale RM'000	At fair value through profit or loss RM'000	Total RM'000
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	<u>1,622,454</u>	<u>616,802</u>	<u>8,102</u>	<u>2,247,358</u>
Company				
2013				
Other investments	-	641,231	-	641,231
Receivables	6,797	-	-	6,797
Deposits, cash and bank balances	303,829	-	-	303,829
Short-term fund placements	-	-	255,908	255,908
Total financial assets	<u>310,626</u>	<u>641,231</u>	<u>255,908</u>	<u>1,207,765</u>
2012				
Other investments	-	591,988	-	591,988
Receivables	62,012	-	-	62,012
Deposits, cash and bank balances	617,061	-	-	617,061
Total financial assets	<u>679,073</u>	<u>591,988</u>	<u>-</u>	<u>1,271,061</u>

NOTES TO THE FINANCIAL STATEMENTS

52. FINANCIAL INSTRUMENTS (continued)

	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Group			
2013			
Payables	348,468	-	348,468
Borrowings	419,553	-	419,553
Derivative financial liabilities	-	6,348	6,348
Total financial liabilities	<u>768,021</u>	<u>6,348</u>	<u>774,369</u>
2012			
Payables	304,553	-	304,553
Borrowings	373,834	-	373,834
Derivative financial liabilities	-	35,475	35,475
Total financial liabilities	<u>678,387</u>	<u>35,475</u>	<u>713,862</u>
Company			
2013			
Payables	18,247	-	18,247
Borrowings	209	-	209
Total financial liabilities	<u>18,456</u>	<u>-</u>	<u>18,456</u>
2012			
Payables	19,706	-	19,706
Borrowings	-	-	-
Total financial liabilities	<u>19,706</u>	<u>-</u>	<u>19,706</u>

(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.

52. FINANCIAL INSTRUMENTS (continued)

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.

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 prices for contracts with similar maturity profiles.

Short-term fund

Fair value of the short-term fund has been determined by reference to the net assets value of the fund at the end of the reporting period as quoted by the fund manager.

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 are 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 liabilities, 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). |

NOTES TO THE FINANCIAL STATEMENTS

52. FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis:

Financial assets	Level 1	Level 2	Total
Group	RM'000	RM'000	RM'000
2013			
Other investments	660,207	-	660,207
Short-term fund placements	-	296,481	296,481
Forward contracts	-	351	351
Futures and options contracts	-	4,912	4,912
	<u>660,207</u>	<u>301,744</u>	<u>961,951</u>
2012			
Other investments	617,282	-	617,282
Short-term fund placements	-	-	-
Forward contracts	-	6	6
Futures and options contracts	-	7,189	7,189
	<u>617,282</u>	<u>7,195</u>	<u>624,477</u>
Company			
2013			
Other investments	640,965	-	640,965
Short-term fund placements	-	255,908	255,908
	<u>640,965</u>	<u>255,908</u>	<u>896,873</u>
2012			
Other investments	591,722	-	591,722
Short-term fund placements	-	-	-
	<u>591,722</u>	<u>-</u>	<u>591,722</u>
Financial liabilities			
Group			
2013			
Forward contracts	-	28	28
Futures and options contracts	-	6,320	6,320
	<u>-</u>	<u>6,348</u>	<u>6,348</u>
2012			
Forward contracts	-	1,154	1,154
Futures and options contracts	-	34,321	34,321
	<u>-</u>	<u>35,475</u>	<u>35,475</u>

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

53. 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 review and agree 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.

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 December 2013. If the United States Dollars ("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 RM6.658 million (2012: RM9.464 million).

As other foreign currency denominated monetary items as at 31 December 2013 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 RM332 million (2012: RM321 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.

NOTES TO THE FINANCIAL STATEMENTS

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2013. 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 RM1.573 million (2012: RM1.402 million), as a result of higher or lower 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 2013. 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:

	Group		Company	
	Profit after tax RM'000	Equity RM'000	Profit after tax RM'000	Equity RM'000
2013				
Other investments	59	32,952	-	32,048
2012				
Other investments	45	30,819	-	29,586

(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.

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 RM68.450 million (2012: RM57.097 million) 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 RM50.500 million (2012: RM43.387 million) and financial guarantees amounting to RM8.000 million (2012: RM12.900 million) pledged in favour of the subsidiary of the Group and title deeds held in escrow for land valued at approximately RM10.000 million (2012: nil).

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
2013				
Not past due	356,586	-	-	-
Less than 30 days past due	64,522	-	175	-
Between 30 and 90 days past due	38,685	-	63	-
More than 90 days past due	25,990	(11,878)	342	(74)
	<u>485,783</u>	<u>(11,878)</u>	<u>580</u>	<u>(74)</u>
<u>Included under receivables</u>				
Trade receivables (note 24)	485,314	(11,878)	580	(74)
Amount due from associates (note 25)	469	-	-	-
	<u>485,783</u>	<u>(11,878)</u>	<u>580</u>	<u>(74)</u>
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)
	<u>427,628</u>	<u>(11,487)</u>	<u>418</u>	<u>(18)</u>

NOTES TO THE FINANCIAL STATEMENTS

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Group		Company	
	Gross	Impairment	Gross	Impairment
	RM'000	RM'000	RM'000	RM'000
<u>Included under receivables</u>				
Trade receivables (<i>note 24</i>)	426,765	(11,487)	418	(18)
Amount due from associates (<i>note 25</i>)	863	-	-	-
	<u>427,628</u>	<u>(11,487)</u>	<u>418</u>	<u>(18)</u>

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	11,487	12,998	18	-
Doubtful debts recognised	1,642	1,218	56	18
Doubtful debts written off	(584)	(1,130)	-	-
Doubtful debts written back	(684)	(1,605)	-	-
Exchange translation differences	17	6	-	-
At 31 December	<u>11,878</u>	<u>11,487</u>	<u>74</u>	<u>18</u>

(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.

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Group	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2013				
Payables	348,468	-	-	348,468
Borrowings	331,202	95,478	-	426,680
Derivative financial liabilities	6,348	-	-	6,348
	<u>686,018</u>	<u>95,478</u>	<u>-</u>	<u>781,496</u>
2012				
Payables	304,553	-	-	304,553
Borrowings	294,674	82,882	7,192	384,748
Derivative financial liabilities	35,475	-	-	35,475
	<u>634,702</u>	<u>82,882</u>	<u>7,192</u>	<u>724,776</u>
Company				
2013				
Payables	18,247	-	-	18,247
Borrowings	209	-	-	209
	<u>18,456</u>	<u>-</u>	<u>-</u>	<u>18,456</u>
2012				
Payables	19,706	-	-	19,706
Borrowings	-	-	-	-
	<u>19,706</u>	<u>-</u>	<u>-</u>	<u>19,706</u>

NOTES TO THE FINANCIAL STATEMENTS

54. 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 2013 and 31 December 2012.

Total borrowings to capital ratio was as follows:

	Group	
	2013 RM'000	2012 RM'000
Share capital	1,185,500	1,185,500
Reserves	14,467,780	13,085,875
Total capital	15,653,280	14,271,375
Short-term borrowings	329,810	288,596
Long-term borrowings	89,657	85,212
Hire purchase liabilities	86	26
Total borrowings	419,553	373,834
Total borrowings to capital ratio (times)	0.03	0.03

55. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 28 March 2014.

56. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
FFM Berhad	80.0	80.0	Malaysia	Investment holding, grains trading, flour milling, feed milling and bakery products 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
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 Ltd	100.0	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
* Glowland Ltd	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, processing of manure into organic fertilisers and oil palm plantation
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

NOTES TO THE FINANCIAL STATEMENTS

56. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013	2012		
	%	%		
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Vietnam Flour Mills Ltd	100.0	100.0	Socialist Republic of Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	51.0	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 Ltd	100.0	100.0	British Virgin Islands	Trading of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics
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 Berhad	100.0	100.0	Malaysia	Dormant

56. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	100.0	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Ceased operations in 2013
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	Ceased operations in 2013
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 Ltd	-	60.0	Hong Kong	Deregistered
GSC Vietnam Ltd	100.0	-	Malaysia	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

NOTES TO THE FINANCIAL STATEMENTS

56. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
Affluence Trading Sdn Bhd	100.0	100.0	Malaysia	Ownership and operation of a Malaysian-registered ship
Deltamont Development Sdn Bhd	100.0	-	Malaysia	Investment holding
* 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

56. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
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
* 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
* 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

* Subsidiaries not audited by Mazars

57. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
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

NOTES TO THE FINANCIAL STATEMENTS

57. ASSOCIATES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	In member's voluntary winding up
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
Huge Quest Realty Sdn Bhd	40.0	-	Malaysia	Investment holding
* Kerry Flour Mills Ltd	43.4	43.4	Thailand	Wheat flour milling and distribution
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 Ltd ("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, consumer pack edible oils processing and merchandising, soy protein manufacturing, rice and flour milling, and grains merchandising
PT Tri Persada Mulia	30.0	30.0	Indonesia	Manufacturing and trading of polypropylene woven bags
* Kart Food Industries Sdn Bhd	45.0	45.0	Malaysia	Manufacturing and trading of food products

57. ASSOCIATES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013 %	2012 %		
* 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
* Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai (Zhoukou) Wheat Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd	20.0	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd	20.0	-	The People's Republic of China	Flour milling
Summit Bay Sdn Bhd	35.0	35.0	Malaysia	Film production
Raintree Profits Sdn Bhd	31.5	50.0	Malaysia	Film production
* Medan Multimedia Sdn Bhd	19.0	-	Malaysia	Film production

NOTES TO THE FINANCIAL STATEMENTS

57. ASSOCIATES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2013	2012		
	%	%		
* Galaxy Studio Joint Stock Company	25.0	-	Socialist Republic of Vietnam	Cinema operator & film distribution

* 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.

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.

58. JOINT VENTURE

The joint venture is as follows:

	Proportion of ownership interest		Country of operation	Principal activities
	2013	2012		
	%	%		
* 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

* Joint venture not audited by Mazars

SUPPLEMENTARY INFORMATION

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained profits/(losses) of the Company and subsidiaries:				
- Realised	12,208,286	12,021,168	10,605,706	10,665,524
- Unrealised	(77,622)	(76,843)	(725)	(2,584)
	<u>12,130,664</u>	<u>11,944,325</u>	<u>10,604,981</u>	<u>10,662,940</u>
Total share of retained profits/(losses) from associates:				
- Realised	121,849	96,022	-	-
- Unrealised	(1,675)	2,289	-	-
- Wilmar International Ltd *	4,142,851	3,555,328	-	-
Total share of retained profits from joint venture:				
- Realised	6,849	5,862	-	-
	<u>16,400,538</u>	<u>15,603,826</u>	<u>10,604,981</u>	<u>10,662,940</u>
Less: consolidation adjustments	<u>(2,149,157)</u>	<u>(2,115,860)</u>	<u>-</u>	<u>-</u>
Total Group's and Company's retained profits as per accounts	<u>14,251,381</u>	<u>13,487,966</u>	<u>10,604,981</u>	<u>10,662,940</u>

* Wilmar International Ltd ("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, SOH CHIN TECK and DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, 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 66 to 156 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 2013 and of their results and cash flows for the year ended on that date.

On behalf of the Board

SOH CHIN TECK

Director

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

Director

Kuala Lumpur

28 March 2014

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 66 to 156 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 1959.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Victoria, Australia
on this 3rd day of April, 2014

Before me,

John Bennison
Notary Public
Victoria, Australia

INDEPENDENT AUDITORS' REPORT

To The Members Of PPB Group Berhad

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 2013 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 66 to 156.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible 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 about 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 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 2013 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 56 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 157 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
28 March 2014



THE VALUE PROPOSITION OF

ETHICS & INTEGRITY

The Group observes a foundation of inculcating good corporate governance and ethical practices in all layers of the organisation. Our team ethos is to achieve long term success without compromising our principles.





THE PROPERTIES & SHAREHOLDINGS

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Of Annual General Meeting

Form Of Proxy

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 31.12.2013 RM'000
STATE OF KEDAH							
Cathay Alor Setar No. 1, Jln Limbong Kapal, 05000 Alor Setar	Property leased out	16.4.1990	-	3,901 sq metres	Freehold	-	805
Cathay Sungai Petani No. 11, Jln Bank, 08000 Sg Petani	Property leased out	16.4.1990	>50	830 sq metres	Freehold	-	332
31 Jln Kampung Baru, 08000 Sg Petani	Land for property development	7.11.1991	-	11,339 sq metres	Freehold	-	1,084
Lot 28, 57, 65, 1010, 1011, 1122-1124, 1128, 1137, 1139, 1142, 1242, 1273, 1279, 1289, 1290, 1292, 1294, 1664 & 1665, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	569 hectares	Freehold	-	7,609
PT 876-2372, 2390-2398, 3726-3733, 3774-3781, 4027-4350 & 4681-4728, Mukim Semeling, Daerah Kuala Muda	Land for property development	13.4.1981	-	501,520 sq metres	Freehold	-	18,176
Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh Gurun	Poultry breeder farm & oil palm plantation	21.2.1995	17	103 hectares	Freehold	-	11,035
STATE OF PENANG							
Lot No. 31, 336-339, 342, 343 & 438, Section 15, City of Georgetown	Commercial building leased out	30.9.1976	7	2 hectares	Freehold	-	17,418
Plot 352-355 & 362-364, Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory and office building leased out	28.4.1989	37	24,922 sq metres	Leasehold	2111	8,843
Plot 99(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	31	21,092 sq metres	Leasehold	2111	8,230
Plot 100(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	10.2.1989	31	13,491 sq metres	Leasehold	2111	21,671
Plot 571, MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land	4.11.1990	-	1,305 sq metres	Leasehold	2111	204
Odeon Penang No. 130, Penang Road, 10000 Penang	Property leased out	16.4.1990 16.4.1990	67 -	1,084 sq metres 281 sq metres	Freehold Leasehold	- 2038	434 76
Dalit Cinema Kompleks Tun Abdul Razak, Lebuh Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	33	3,332 sq metres	Leasehold	2082	4,136

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 31.12.2013 RM'000
Cathay Bukit Mertajam No. 14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990 16.4.1990 16.4.1990	58 - -	1,092 sq metres 282 sq metres 166 sq metres	Leasehold Leasehold Leasehold	2842 2842 2054	357 71
No. 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	-	9,309
No. 2 & 4, Church Street, 10300 Penang	2 storey shophouses						
PT 8082 - 8129, PT 8154 - 8165 & PT 8177 Mukim 11, District of Seberang Prai Tengah	Land under development and held for property development	3.9.2003	-	53,373 sq metres	Freehold	-	19,059
Lot 340, Georgetown, District of Timur Laut, Penang	Land for property development	12.7.2013	-	264 sq metres	Freehold	-	2,450
STATE OF PERAK							
Cathay Ipoh No. 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	57	4,494 sq metres	Freehold	-	1,060
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	20	8,018 sq metres	Leasehold	2045	1,073
Block G4 & G5, Lumut Industrial Park, Lumut	Factory leased out	28.12.1995	17	80,940 sq metres	Leasehold	2105	5,702
Lot 950, Batu 9, Sg Limau, 34850 Trong	Lager farm & oil palm plantation	25.10.1996	15	220 hectares	Freehold	-	36,801
STATE OF SELANGOR							
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	6 to 12	208,156 sq metres	Leasehold	2097	148,499
Lot 2824-2827 & PT 45125, Mukim Sg Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	2 to 16	243,415 sq metres	Freehold	-	66,948
1-17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shop- houses & offices leased out	16.4.1990	31	1,408 sq metres	Freehold	-	2,792
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	-	2,554

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 31.12.2013 RM'000
Lot 9, Jln Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	43	33,946 sq metres	Leasehold	2069	8,425
Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam	Office building	22.2.1993	25	11,458 sq metres	Leasehold	2018	801
16/8A Jln Pahat, 40700 Shah Alam	Office building	1.1.2004	33	3,837 sq metres	Leasehold	2067	595
WILAYAH PERSEKUTUAN							
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	19	21,225 sq metres	Leasehold	2077 & 2080	57,056
Cheras Plaza No. 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	27	5,130 sq metres	Leasehold	2077	13,240
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	Leasehold	2091	1,006
STATE OF NEGERI SEMBILAN							
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	21	678,481 sq metres	Freehold	-	15,097
PT 1295, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	22	38,209 sq metres	Freehold	-	11,103
Lot 3978, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	17 to 42	27,066 sq metres	Leasehold	2067	15,394
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang, 70000 Seremban	Cineplex	26.2.1996	18	1,811 sq metres	Freehold	-	4,204
STATE OF MALACCA							
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	18	4,940 sq metres	Leasehold	2090	836
H.S (D) 65173, PT 6667, Mukim of Krubong, District of Melaka Tengah	Vacant land	8.9.2011	-	14,415 sq metres	Leasehold	2107	4,350

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 31.12.2013 RM'000
STATE OF JOHOR							
PTD119742, Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory & office building	7.1.1989	29 to 37	36,891 sq metres	Leasehold	2049	10,398
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory leased out	10.10.1987 14.7.1988	17 to 25	121,490 sq metres	Leasehold	2049 & 2050	21,726
Cathay Muar No. 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	57	1,623 sq metres	Freehold	-	309
Lot 614 & 615, Bandar Maharani, Jln Ali, District of Muar	Land leased out	16.4.1990	-	345 sq metres	Freehold	-	
Cathay Batu Pahat 91A Jln Rahmat, 83000 Batu Pahat	Property leased out	16.4.1990	>50	2,864 sq metres	Freehold	-	
Odeon Batu Pahat 30 Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	>50	1,752 sq metres	Freehold	-	536
Plaza I & II Cinema F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru	Shoplot leased out	31.7.1992	24 & 25	2,929 sq metres	Freehold	-	11,241
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	14	34,981 sq metres	Freehold	-	8,940
STATE OF PAHANG							
Lot 6861, B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	46	149 sq metres	Freehold	-	300
No. 19, Jln IM 3/1, Bandar Indera Mahkota, 25200 Kuantan	Office building & warehouse	12.7.1997	15	7,810 sq metres	Leasehold	2061	1,727
STATE OF KELANTAN							
Lot 5049 PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu	Warehouse & office building	30.12.2001	7	14,157 sq metres	Leasehold	2063	2,497

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 31.12.2013 RM'000
STATE OF SARAWAK							
Lot 2231, Pending Industrial Estate, Kuching	Factory & office building	13.11.1984 18.6.1987 15.3.1989	30	6,812 sq metres	Leasehold	2040	3,296
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory & office building	6.12.1999	10	21,350 sq metres	Leasehold	2059	16,894
Lot 137 Block 5, Undup Land District, Sri Aman	Vacant agricultural land	9.3.1996	-	18,130 sq metres	Leasehold	2017	13
Lot 1133 Block 8, Muara Tebas Land District, Kuching	Warehouse & office building	17.5.2004	8	10,520 sq metres	Leasehold	2064	3,378
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Property leased out	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	367
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	54	1,486 sq metres	Leasehold	2110	683
STATE OF SABAH							
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	21	10,927 sq metres	Leasehold	2032	3,015
Lot No. 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	3	12,096 sq metres	Leasehold	2097	28,454
Lot 31, Industrial Zone 4, Kota Kinabalu	Warehouse & office building	24.07.2006	7	9,955 sq metres	Leasehold	2098	3,119
CL 075149325, Karamunting, Sandakan	Land for future development	10.8.1996	-	58,315 sq metres	Leasehold	2881	1,865
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Land leased out	16.4.1990	57	1,282 sq metres	Leasehold	2053	564
Lot 2777, TL 077508788, Lrg Gardenia & 60M North of KM 24, Jln Utara, Sandakan	Land for future development	16.4.1990	-	845 sq metres	Leasehold	2061	152
INDONESIA							
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	5	31,723 sq metres	Leasehold	2037	67,460

STATEMENT OF SHAREHOLDINGS

as at 24 March 2014

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	891	8.90	20,893	0.00
100 - 1,000	2,800	27.99	1,845,478	0.16
1,001 - 10,000	4,426	44.24	18,209,842	1.54
10,001 - 100,000	1,530	15.29	46,871,158	3.95
100,001 to less than 5% of issued shares	355	3.55	494,226,028	41.69
5% and above of issued shares	3	0.03	624,326,483	52.66
	10,005	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
Tam Chiew Lin	6,000	0.00	10,000	0.00
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	-	-
Datuk Ong Hung Hock	290,000	0.06	-	-
Coralbid (M) Sdn Bhd				
- Subsidiary of Holding Company				
Datuk Oh Siew Nam	-	-	100,000	0.27

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

STATEMENT OF SHAREHOLDINGS

as at 24 March 2014

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	84,976,179	7.17	-	-	84,976,179	7.17

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 <i>For Employees Provident Fund Board</i>	78,732,179	6.64
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)	35,545,800	3.00
7. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Credit Suisse (SG BR-TST-Asing)</i>	23,688,500	2.00
8. Amanahraya Trustees Berhad <i>For Skim Amanah Saham Bumiputera</i>	17,238,800	1.45
9. Kuok Foundation Berhad	17,119,720	1.44
10. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN For State Street Bank & Trust Company (West CLTOD67)</i>	13,446,170	1.13
11. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Morgan Stanley & Co. International PLC (Client)</i>	13,416,514	1.13
12. Amanahraya Trustees Berhad <i>For Amanah Saham Malaysia</i>	12,640,200	1.07
13. Chinchoo Investment Sdn Berhad	11,127,300	0.94
14. HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund</i>	10,713,008	0.90

STATEMENT OF SHAREHOLDINGS

Name of Shareholders		No. of Shares	% of Issued Capital
15.	Maybank Securities Nominees (Asing) Sdn Bhd <i>Maybank Kim Eng Securities Pte Ltd For Sin Heng Chan (1960) Pte Ltd</i>	10,100,000	0.85
16.	Amanahraya Trustees Berhad <i>For Amanah Saham Wawasan 2020</i>	8,898,800	0.75
17.	Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government of Singapore (C)</i>	8,787,500	0.74
18.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i>	8,469,766	0.72
19.	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN For UOB Kay Hian (Hong Kong) Limited - A/C Clients</i>	6,888,102	0.58
20.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)</i>	6,364,732	0.54
21.	Gaintique Sdn Bhd	5,933,300	0.50
22.	Ophir Holdings Berhad	5,841,754	0.49
23.	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels For Market Vectors - Agribusiness ETF</i>	5,815,700	0.49
24.	Amanahraya Trustees Berhad <i>For As 1Malaysia</i>	5,624,200	0.48
25.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For JPMorgan Chase Bank, National Association (U.A.E.)</i>	5,049,772	0.43
26.	Key Development Sdn Berhad	5,000,000	0.42
27.	Keck Seng (Malaysia) Berhad	4,891,728	0.41
28.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For The Bank Of New York Mellon (Mellon Acct)</i>	4,077,616	0.35
29.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN For AIA Bhd</i>	3,524,400	0.30
30.	Ang Poon Tiak	3,510,000	0.30
		968,162,879	81.67

GROUP CORPORATE DIRECTORY

ANIMAL FEED MANUFACTURING

FFM Berhad

Main Office

PT 45125, Batu 15 ½, Sungai Pelong
47000 Sungai Buloh, Selangor
Telephone : 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
Telephone : 07-2512211
Contact Person : Mr Thing Chee Tiong
(D/GM)

FFM (Sabah) Sdn Bhd

Main Office/Factory

5 ½ Mile, Off Jalan Tuaran
Kolombong Industrial Estate
88450 Kota Kinabalu, Sabah
Telephone : 088-426310
Contact Person : Mr Soh Kian Kiat
(D)

FFM Feedmills (Sarawak) Sdn Bhd

Main Office/Factory

Lot 2231, Jalan Kilang
Pending Industrial Estate
93450 Kuching, Sarawak
Telephone : 082-482751
Contact Person : Mr Liew Tau Kuek
(D/GM)

BAKERY

The Italian Baker Sdn Bhd

Factory

Lot 4 Jalan Perigi Nenas 6/1/KS 11
Taman Perindustrian Pulau Indah
42920 Pelabuhan Klang, Selangor
Telephone : 03-33256288
Contact Person : Mr Lai Fei Siong
(Factory Manager)

CHEMICALS MANUFACTURING

Malayan Adhesives & Chemicals Sdn Bhd

Main Office/Factory

No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Telephone : 03-55661188
Contact Person : Mr Leong Yew Weng
(D)

CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd

Main Office

1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Telephone : 03-78068888
Contact Person : Mr Irving Chee
(GM)

CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd

Main Office

PT 45125, Batu 15 ½, Sungai Pelong
47000 Sungai Buloh, Selangor
Telephone : 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
Telephone : 03-62528298
Contact Person : Mr Leong Yew Weng
(D)

FILM DISTRIBUTION

GSC Movies Sdn Bhd

Main Office

1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Telephone : 03-78068888
Contact Person : Mr Tung Yow Kong
(GM)

FLOUR MILLING

FFM Berhad

Main Office

PT 45125, Batu 15 ½, Sungai Pelong
47000 Sungai Buloh, Selangor
Telephone : 03-61457888
Contact Person : Datuk Ong Hung Hock
(MD)

Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory

Lorong Pukal Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Telephone : 07-2512211
Contact Person : Mr Thing Chee Tiong
(D/GM)

Vietnam Flour Mills Ltd

Head Office/Factory

My Xuan A Industrial Zone
Tan Thanh District
Ba Ria-Vung Tau Province, Vietnam
Telephone : 0084-64894883
Contact Person : Mr Ken Tay
(General Director)

FFM Flour Mills (Sarawak) Sdn Bhd

Main Office/Factory

Lot 505, Block 8, MTLD
Sejingkat Industrial Park, Jalan Bako
93050 Kuching, Sarawak
Telephone : 082-439449
Contact Person : Mr Terry Kho
(D/GM)

PT Pundi Kencana

Main Office

Jl. Tanah Abang III No. 14
Jakarta Pusat, Jakarta 10160
Indonesia
Telephone : 62-213853624
Contact Person : Mr Pua Koon Lee
(President Director)

FOOD PROCESSING

FFM Further Processing Sdn Bhd

Main Office/Factory

Lot 2, Seksyen 6, Pulau Indah Industrial Park
KS 13, 42090 Klang, Selangor
Telephone : 03-31011338
Contact Person : Dr Adrian Majanil
(D/GM)

IT SERVICES

Easi (M) Sdn Bhd

Main Office

3A Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Telephone : 03-78068856
Contact Person : Mr Heng Beng Fatt
(GM)

LIVESTOCK FARMING

FFM Farms Sdn Bhd

Main Office

PT 45125, Batu 15 ½, Sungai Pelong
47000 Sungai Buloh, Selangor
Telephone : 03-61457888
Contact Person : Dr Danny Soon
(GM)

PLANTATIONS AND EDIBLE OILS

Wilmar International Limited

Main Office

56 Neil Road, Singapore 088830
Telephone : 65-62160244
Contact Person : Ms Lim Li Chuen
(Head of Investor Relations)

POLYBAG MANUFACTURING

Tego Sdn Bhd & Tego Multifil Sdn Bhd

Main Office/Factory

Lot 5-8, Lorong Senawang 2/1
Senawang Industrial Estate
70450 Seremban, Negeri Sembilan
Telephone : 06-6773361
Contact Person : Mr Boo Yew Leng
(MD)

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
Telephone : 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
Telephone : 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
Telephone : 03-77299118
Contact Person : Ms Carol Au
(M)

Seletar Sdn Bhd

Main Office

Simco House, Persiaran Sinar Mentari 1
08100 Bedong, Kedah
Telephone : 04-4588129
Contact Person : Mr Clarence Tan
(GM)

WASTE MANAGEMENT & ENVIRONMENTAL ENGINEERING

CWM Group Sdn Bhd

Main Office

Lot 12, Persiaran Kemajuan 16/16
40200 Shah Alam, Selangor
Telephone : 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
Telephone : 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
Telephone : 03-55104008
Contact Person : Mr Lee Oon Tiong
(GM)

AWS Sales & Services Sdn Bhd

Main Office

2447 Lorong Perusahaan 6A
Prai Industrial Estate
13600 Prai, Penang
Telephone : 04-3988600
Contact Person : Mr Yap Eng Soon
(GM)

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

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Thursday, 15 May 2014 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 45th 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 Thursday, 15 May 2014 at 10.00 am for the following purposes :

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2013 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the payment of a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2013 as recommended by the Directors. *(Resolution 2)*
3. To approve an increase in Directors' fees. *(Resolution 3)*
(See Explanatory Note 1)
4. To elect the following Directors who retire pursuant to Article 88 of the Articles of Association of the Company :
 - 4.1 Encik Ahmad Riza bin Basir *(Resolution 4)*
 - 4.2 Madam Tam Chiew Lin *(Resolution 5)*
5. To re-elect Mr Lim Soon Huat 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. *(Resolution 7)*
(See Explanatory Note 2)
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 3)

(Resolution 9)

9. ORDINARY RESOLUTIONS

- **Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature with the following related parties :**

(i) persons connected to PGEO Group Sdn Bhd; and

(Resolution 10)

(ii) persons connected to Kuok Brothers Sdn Berhad.

(Resolution 11)

The text of the above resolutions together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 24 April 2014.

(See Explanatory Note 4)

10. ORDINARY RESOLUTION

- **Proposed authority for PPB Group Berhad to purchase its own ordinary shares up to 10% of the issued and paid-up share capital**

(Resolution 12)

The text of the above resolution together with details of the Proposed Share Buy-back are set out in the Circular to Shareholders dated 24 April 2014.

(See Explanatory Note 5)

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 28 February 2014 that subject to the approval of shareholders at the Annual General Meeting to be held on 15 May 2014, a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2013 is payable on 6 June 2014 to members whose names appear in the Record of Depositors on 20 May 2014.

A Depositor shall qualify for entitlement in respect of :

- i) Shares transferred into the Depositor's securities account before 4.00 pm on 20 May 2014 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.

Kuala Lumpur
24 April 2014

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

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.
- Others
Only a depositor whose name appears on the Record of Depositors of the Company as at 5 May 2014 shall be regarded as a member of the Company entitled to attend, speak and vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1. Proposed increase in Directors' fees

The basic fee payable to non-salaried Directors is proposed to be increased from RM45,000/- to RM50,000/- per Director for the financial year 2013. It is also proposed that the fee payable to the Audit Committee ("AC") Chairman be increased from RM15,000/- to RM20,000/-; and from RM10,000/- to RM12,500/- for each AC member. Arising therefrom, the total fees payable to non-salaried Directors would amount to RM280,494/-.

2. 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

3. 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.

4. Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The proposed Ordinary Resolutions 10 and 11 are 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 24 April 2014 despatched together with the Company's 2013 Annual Report.

5. Proposed authority for PPB Group Berhad to purchase its own ordinary shares up to 10% of the issued and paid-up share capital

The proposed Ordinary Resolution 12 is to enable the Company to purchase up to a maximum of 118,549,988 ordinary shares of RM1.00 each, representing 10% of the issued and paid-up share capital.

Further information on the Proposed Share Buy-back is set out in the Circular to Shareholders dated 24 April 2014 despatched together with the Company's 2013 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) Encik Ahmad Riza bin Basir
- b) Madam Tam Chiew Lin
- c) Mr Lim Soon Huat
- d) Datuk Oh Siew Nam

An annual 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 169 of the Annual Report.

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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 45th Annual General Meeting of the Company to be held on Thursday, 15 May 2014 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 2013 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend.		
3	To approve an increase in Directors' fees.		
4	To elect Encik Ahmad Riza bin Basir as Director.		
5	To elect Madam Tam Chiew Lin as Director.		
6	To re-elect Mr Lim Soon Huat 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 ("RRPT") with persons connected to PGEO Group Sdn Bhd.		
11	To approve a shareholders' mandate for RRPTs with persons connected with Kuok Brothers Sdn Berhad.		
12	To approve the Proposed Share Buy-back.		

(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	%	Signed this	day of	2014
Second Proxy	%			
Total	100%			
No. of shares held				Signature

NOTES :

- 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 appointor 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.

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stamp
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PPB GROUP BERHAD

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12th Floor, UBN Tower,
No.10 Jalan P Ramlee,
50250 Kuala Lumpur,
Malaysia



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