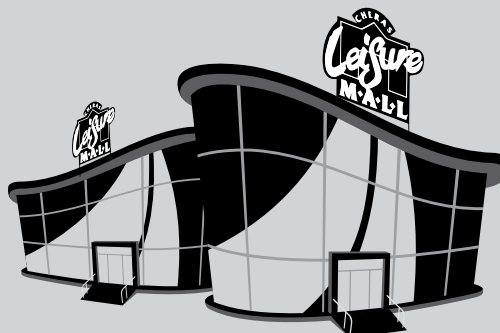




SUN



PPB GROUP BERHAD



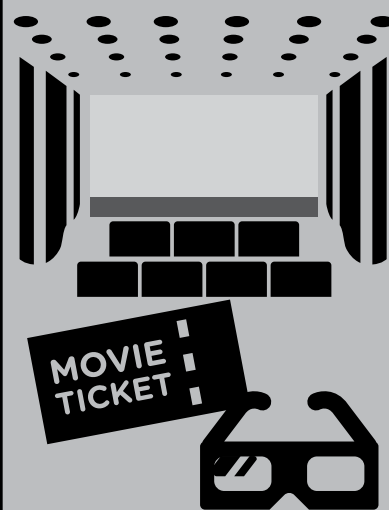
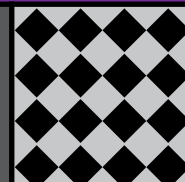
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22

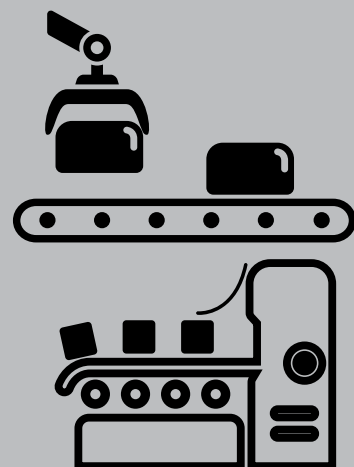
TOUCHING
LIVES

ANNUAL REPORT 2014

Everyday



TUE



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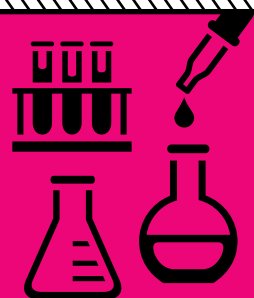


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MON



FLOUR PRODUCTS

- ENRICHED WITH VITAMINS & IRON -



FRESH BAKERY

- BAKED WITH PASSION -



COOKING OILS

- QUALITY COOKING OILS -



CANNED FOOD

- FINEST CANNED FOOD -



SINCE 1968

**TOUCHING LIVES
EVERYDAY**

FOCUSED ON CUSTOMER SATISFACTION



FRESH EGGS

- NUTRITION FROM THE FARM -



TASTY BEVERAGES

- REFRESHING FRUIT DRINKS -



FROZEN FOOD

- CONVENIENT, TRULY DELICIOUS -



46TH

ANNUAL GENERAL MEETING

VENUE

SABAH ROOM, B2 LEVEL,
SHANGRI-LA HOTEL
KUALA LUMPUR
11, JALAN SULTAN ISMAIL,
50250 KUALA LUMPUR

DATE/TIME

WEDNESDAY
13 MAY 2015
10:00AM



OUR MISSION

To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.



OUR VISION

To be a market leader in our core businesses reputed for our sustainable quality products and services.



TOUCHING LIVES *Everyday*

PPB Group with its diverse businesses, has in one way or other been Touching Lives Everyday. Whether it's owning a first home, or something as simple as a home-cooked meal, to family entertainment be it the excitement of a movie or pleasures of retail therapy, we have been there creating memorable moments and ensuring value. Knowing that as long as we are able to create long-term value and ensure the quality of our products and services, we will remain part of and continue **TOUCHING LIVES EVERYDAY** for many years to come.

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NEW FEATURES



FEEDBACK

We welcome your feedback to make sure we are addressing the things that matter to you. Go to CONTACT US at www.ppbgroup.com or email corporateaffairs@ppb.com.my for the feedback form, or scan the code on the left with your smartphone.

1. Get it

Download the "QR Code Reader" app on Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Marketplace.

2. Run it

Run the QR Code Reader app and point your camera to the QR Code.

3. Access it

Get access to the feedback form.



LOG IN TO OUR WEBSITE

This icon tells you where you can find more information online at www.ppbgroup.com.



The
Italian
Baker

Every

*we make the best
products possible,*



Day

*so that you can take
great delight in baking
sweet offerings.*

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 financial year ended 31 December 2014.

////////////////////////////////////
DATUK OH SIEW NAM

C H A I R M A N
////////////////////////////////////

CONTINUED

**CHAIRMAN'S
STATEMENT**

2014 REVENUE

RM 3.701
B I L L I O N

PROFIT BEFORE TAX

RM 1.028
B I L L I O N
**RIDING ON THE
REVENUE GROWTH,
MOST OF THE CORE
SEGMENTS**
**REGISTERED
BETTER RESULTS**
GROUP RESULTS

I am pleased to report that the Group achieved a 12% revenue growth to RM3.70 billion with higher contribution from most segments particularly the flour and feed milling, and grains trading segment; environmental engineering; marketing, distribution and manufacturing of consumer products; and cinema operations.

Riding on the revenue growth, most of the core segments registered better results. Profit before tax however, declined 3% to RM1.03 billion mainly due to reduced profit contribution from Wilmar International Limited (Wilmar) of RM695 million compared with RM764 million in 2013; this was due mainly to the continued margin contractions in palm and laurics as well as negative soybean crushing margins. Lower profits from investment in equities coupled with losses incurred by the packaging division also contributed to the lower profit.

Profit for the year reduced 5% to RM939 million, and profit attributable to shareholders was RM917 million. This translated to earnings per share of 77 sen compared with 83 sen in 2013.

| | | 2014 | 2013 | % change |
|---------------------|------------|-------|-------|----------|
| Revenue | RM million | 3,701 | 3,313 | 12 |
| Profit before tax | RM million | 1,028 | 1,063 | (3) |
| Profit for the year | RM million | 939 | 991 | (5) |
| Earnings per share | sen | 77 | 83 | (7) |

With a healthy set of results, the Group financial position is further strengthened with shareholders' funds increasing 7.5% to RM16.82 billion, representing net assets per share of RM14.19. Our low debt-to-equity ratio of 3% provides the Group with a solid foundation to pursue investment opportunities to further enhance shareholder value.

CONTINUED

CHAIRMAN'S STATEMENT



DIVIDENDS

The Board is pleased to recommend a final single tier dividend of 16 sen per share. Combined with the interim single tier dividend of 7 sen per share, this would bring the total dividend for financial year 2014 to 23 sen per share amounting to RM273 million.

Subject to shareholders' approval at the forthcoming 46th Annual General Meeting, the proposed final dividend is payable on 29 May 2015.

CONTINUED

**CHAIRMAN'S
STATEMENT**

OVERVIEW OF OPERATIONS

FOOD MANUFACTURING ACTIVITIES

• Flour And Feed Milling, And Grains Trading

A 14% improvement in revenue to RM2.34 billion was recorded in this division due to higher flour sales volumes in Indonesia, Vietnam and Malaysia, coupled with increased animal feed sales volume. Profits were significantly higher at RM179 million, a 44% increase, primarily due to improved net foreign exchange translation positions, and higher sales volume leading to better recovery of fixed costs and improved margins.

The Group's expanded capacity in emerging and high population countries to cater for a wider market has helped increase revenue and profit contribution from this division.

With the commissioning of a second 1,000-mt/day flour mill in its present location in Indonesia at end-2013, PT Pundi Kencana, a 51% subsidiary of the Group now operates two 1,000-mt/day flour mills.

In southern Vietnam, FFM Group commissioned an additional 150-mt/day flour mill line in Ba Ria, Vung Tau Province increasing capacity to 550 mt/day. VFM-Wilmar Flour Mills Co. Ltd, a 51% subsidiary, commissioned a new 500-mt/day mill in northern Vietnam in January 2015 to complement the mill in the south.

The Group under Waikari Sdn Bhd has invested 20% in nine flour mills in China with a total milling capacity of 14,950 mt/day. Eight of these mills with a total capacity of 13,750 mt/day have commenced operations.

On the domestic front, Johor Bahru Flour Mill Sdn Bhd completed the acquisition of 2.3 hectares of land next to its present premises in Pasir Gudang in July 2014. Its feed mill operations will be relocated to this piece of land and in its place a new 500-mt/day flour mill will be built to further improve efficiency and capacity of the Johor operations.





Please refer to the PPB website
www.ppbgroup.com for more details.



▼
**TOTAL LOCAL
FLOUR MILLING
CAPACITY**
2,550
MT/DAY

1/ FLOUR MILLING

FFM Group operates 5 flour mills in Malaysia, 2 in Vietnam and 1 each in Thailand and Indonesia. FFM Group also has 20% interest in 9 associates in China engaged in flour milling.



▼
**TOTAL FEED
MILLING MIXING
CAPACITY**
136
MT/HOUR

2/ ANIMAL FEED MILLING

FFM Group is one of the key feed millers in Malaysia and operates 5 feed mills in Peninsular and East Malaysia.



▼
**MONTHLY
PRODUCTION
CAPACITY**
20.0
**MILLION
EGGS**

3/ LIVESTOCK FARMING

FFM Farms Sdn Bhd operates 2 broiler breeder farms and a layer farm to complement the Group's animal feed milling operations.



▼
**VARIOUS
FROZEN FOOD
CAPACITY**
600
MT/MONTH

4/ FOOD PROCESSING

FFM Further Processing Sdn Bhd produces an extensive range of frozen food under "Marina" and "Seri Murni" brands.



▼
**TOTAL
WAREHOUSING
CAPACITY**
300,000
SQ FT

5/ CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd has established a strong distribution network and currently distributes a wide range of fast-moving consumer goods under its own brands as well as other international and local brands.



▼
**BREAD LOAVES
PRODUCTION
CAPACITY**
16,000
LOAVES/HOUR

6/ BAKERY

The Italian Baker Sdn Bhd operates a state-of-the-art baking plant in Pulau Indah with 3 fully automated production lines using the latest American and European technology.

CONTINUED**CHAIRMAN'S
STATEMENT****• Bakery**

The Massimo brand is well-entrenched and accepted in the market by Malaysians. With growing demand, the Group increased its overall capacity by 60% with the commencement of its new 6,000 loaves per hour bread line in May 2014. Our bakery products are now available in most hypermarkets and convenient stores nationwide.

During the year, we launched Massimo's new "Chiffon-in-a-Cup" cakes in two flavours, Classic and Mocha to encouraging response and sales have been improving. These snack cakes complement our current range of bread loaves and cream rolls.

• Frozen Foods

This division produces an extensive range of frozen foods such as ready-to-eat chicken sausages, nuggets, fish fingers and chicken fries under the Group's "Marina" and "Seri Murni" brands. It continues to expand to cater to household demand for quick and convenient meals.

FFM Further Processing Sdn Bhd started the installation of new machineries in December 2014 to increase production from 600 kg/hour to 1500 kg/hour to improve output efficiency and cater to the domestic and export markets. The existing distribution cold room is also being expanded to accommodate the larger production capacities. Upgrading of its fully-cooked line is underway in view of the expansion into export markets as well as the quick service restaurant supply chain.



CONTINUED**CHAIRMAN'S
STATEMENT**

**• Marketing, Distribution And
Manufacturing Of Consumer Products**

Registering a 9% increase in revenue to RM438 million, this division achieved an 18% increase in profits to RM28 million.

The better performance was attributable to improved sales of agency products with better margins. The enlarged distributorship for Snow products comprising milk powder and table spreads to cover Peninsular Malaysia in addition to East Malaysia also contributed to the improved results.

With its wide distribution network and marketing track record, FFM Marketing was recently awarded the distributorship of Goodmaid, a well-known brand of household cleaning products including floor care, laundry detergents, fabric softener, dishwashing liquid, air fresheners and bleach. The Group also launched Gem-Brite, a range of dishwashing liquid manufactured by Products Manufacturing Sdn Bhd, a 70% subsidiary of Chemquest Sdn Bhd.

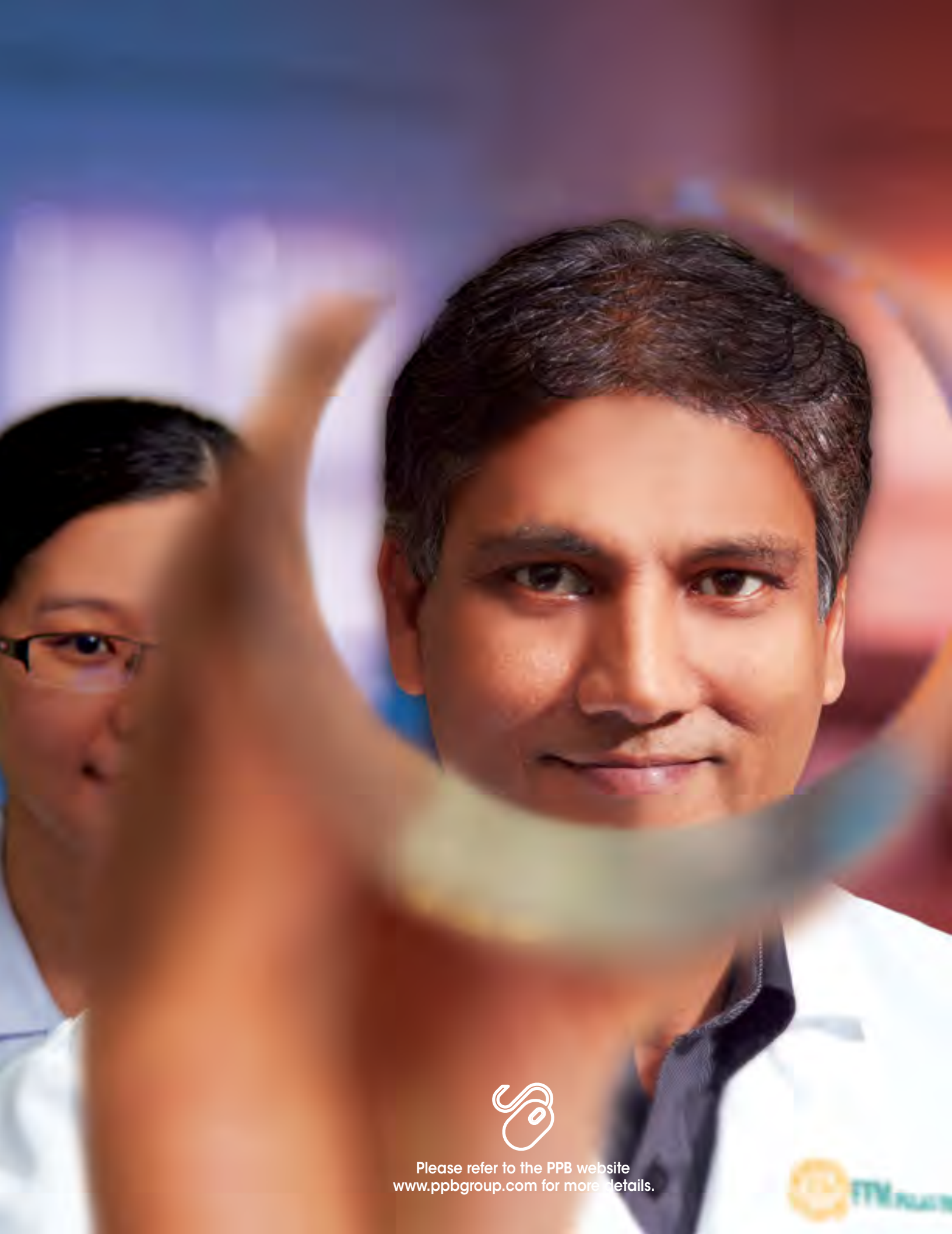
• Livestock Farming

For the year under review, this division performed well to record revenue of RM129 million compared with RM98 million in 2013 due to improved selling prices of day-old chicks and higher sales volume. It recorded profits of RM15.9 million compared with losses of RM7.5 million in the previous year due to higher selling prices for day-old chicks and eggs, as well as an increase in egg production resulting in lower costs.

The livestock farming business operates in a challenging environment with poultry disease outbreak risks, and continuous pressure on selling prices from an over-supplied market. The better selling prices in 2014 will encourage higher production capacities in the industry which is foreseen to further aggravate the oversupply. Our livestock operations will continue to manage costs and improve production efficiency.

A new layer house was set up in Trong which has increased our monthly egg production by 12%.





Please refer to the PPB website
www.ppbgroup.com for more details.





1/ ENVIRONMENTAL ENGINEERING & WASTE MANAGEMENT

CWM Group Sdn Bhd provides innovative solutions, advanced technologies and professional management in the water, sewage, solid waste and drainage industries and has a track record of more than 100 water, sewage and drainage projects with a combined contract value in excess of RM1.2 billion.



2/ CHEMICALS MANUFACTURING

Malayan Adhesives & Chemicals Sdn Bhd manufactures chemical intermediates for a range of industries. Its manufacturing facilities in Shah Alam produce formaldehyde-based resins, additives, paper resins as well as phenolic thermoset microspheres.



3/ CONTRACT MANUFACTURING

Products Manufacturing Sdn Bhd provides contract-manufacturing services for the cosmetics, toiletries and household products industries.



4/ PACKAGING

Tefel Packaging Industrial Co Ltd, a wholly-owned subsidiary of Tego Sdn Bhd, produces commercial polypropylene (PP) and polyethylene (PE) woven bags and fabrics at its manufacturing facilities in Myanmar.

CONTINUED**CHAIRMAN'S
STATEMENT**

• Environmental Engineering, Waste Management And Utilities

In 2014, this division registered improved revenue of RM139 million, an increase of 39% over the previous year, due to contribution from projects secured in 2013 and 2014 which have reached their procurement and construction stages. Profits were lower at RM5.3 million compared with RM6.6 million in 2013 due to the exceptional profit recognised from a project in 2013 and an impairment of goodwill in 2014.

Four sewage treatment plants under the Greater KL Scheme and a fluoride plant for the Kuching Water Board were completed, and six new projects with a combined contract sum of RM261 million were secured, increasing the order book to RM413 million. The most notable of the six projects is the raw water supply project to the Refinery and Petrochemical Integrated Development (RAPID) for Petronas whereby CWM Group will undertake the mechanical and electrical works for the intake plant and raw water and booster pump stations to deliver 260,000m³/day of raw water to RAPID.

The division will continue to focus on water and sewage prospects offering holistic solutions from treatment to distribution, as well as flood mitigation projects.

• Film Exhibition And Distribution

The cinema operations registered a 23% increase in profits to RM61 million on the back of revenue of RM371 million driven by the opening of new cinemas in 2013 and 2014 and release of more blockbuster movies during the year. Higher admissions, concession sales and screen advertising income also contributed to the better performance.

In 2014, Golden Screen Cinemas (GSC) opened a 10-screen multiplex at Palm Mall, Seremban followed by another 10-screen multiplex at Quill City Mall, Kuala Lumpur. GSC continues to push the envelope with the latest audio and visual technology to provide the best cinematic experience. Following the success of the first Dolby Atmos 3D surround sound technology introduced at GSC 1 Utama in 2013, Dolby Atmos has been extended to Pavilion KL and Quill City Mall cinemas. GSC's first D-Box motion seats introduced during the year at the 1 Utama and Pavillion KL cinemas were also well received.

The Group remains committed to strengthening and growing the cinema operations. In the first quarter of 2015, we added another 32 screens with the opening of GSC Nu Sentral, GSC IOI City Mall and GSC Ipoh Parade. All three cinemas offer Dolby Atmos halls. To-date, we operate 284 screens in 31 locations in Malaysia and are planning to open another 100 screens within the next two years.

In Vietnam, Galaxy Studio Joint Stock Company (Galaxy) in which the Group has 25% equity interest opened its fifth cinema (7 screens) at Quang Trung, Ho Chi Minh City. As at end-2014, Galaxy operates five cinemas totaling 25 screens, all of them in Ho Chi Minh City.

CONTINUED**CHAIRMAN'S
STATEMENT****• Property Investment And Development**

Last year, the property division recorded lower revenue of RM84 million compared with RM90 million the year before mainly due to lower project management fees received. Higher rental income from increased rental rates on renewal of tenancies, and higher occupancy rates mitigated the drop in revenue. However, the division's profit was 11% higher at RM38 million due to profits recognised from the finalisation of the Masera project accounts, higher rental income and profit from the sale of investment property.

During the year under review, PPB Hartabina launched 14 luxury bungalows at Taman Tanah Aman in Seberang Prai of which eight have been sold.

PPB's 28% associate, Southern Marina Development Sdn Bhd, is the developer of the Southern Marina Residences in Puteri Harbour, Nusajaya Johor. The first phase of the development comprises two towers with a total of 456 condominiums. Tower 1 in Phase 1 was soft-launched in January this year to good response despite the soft property market; about 50% of the 220 units have been sold. The Southern Marina Residences sales gallery in UBN Tower, Kuala Lumpur has opened, and Phase 1 is expected to be officially launched by June 2015 when the second sales gallery in Puteri Harbour with show units is completed.

We are exploring development potential with plans for several pieces of the Group's commercial land in Selangor and Penang. We will continue to source for additional land for future development and sustainable earnings.

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 are committed to pursuing this principle in line with our core values, decision-making, operations and products. During the year under review, the Group carried out various CSR projects which are detailed in the Corporate Sustainability Statement on pages 49 to 59 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 2015

The Malaysian economy is expected to register steady growth of 4% - 5% in 2015 supported by domestic demand which is driven by private sector spending amid strong domestic fundamentals and a resilient export sector.

Consumer spending is expected to be affected in light of the implementation of the Goods and Services Tax in April and lower earnings in the commodity-related sectors. However the favourable employment market and Government measures to assist lower and middle income households should help mitigate the drop in spending.

Despite the challenging business and economic environment, the Group expects its core operations to perform well, driven by domestic demand. The performance of the Group's flour, feed and food-related businesses should be sustainable based on the enlarged distribution channels and market share. The cinema operations look forward to a strong line-up of movies in 2015 which should attract higher patronage. The property division is expected to perform satisfactorily despite subdued sentiments in the local property market. The environmental engineering segment should achieve higher revenue as the contracts in hand progress to the main construction phases.

The Group remains focused on its core competencies and prudent management of investments to ensure its ongoing success in today's competitive market. Towards this end, the Group is committing RM535 million to invest in new capacity and capability to grow its core businesses both domestically and regionally for sustainable earnings growth.

Our strong presence in its core businesses in Malaysia and strategic expansion regionally should augur well for the Group's operations. Nonetheless, Wilmar's performance will continue to determine the Group's overall financial performance for the year.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders, customers, business partners and stakeholders for their unwavering support and confidence in the Group. We would also like to extend our thanks to the staff and management of the Group for their hard work and contributions to another successful year.

To my fellow Board members, I wish to express my sincere appreciation for their invaluable support, contribution and guidance.

DATUK OH SIEW NAM

C H A I R M A N

25 MARCH 2015



Please refer to the PPB website
www.ppbgroup.com for more details.



1/ CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 284 screens at 31 locations in major cities nationwide.

TOTAL SEATING CAPACITY
49,077
SEATS



2/ FILM DISTRIBUTION

GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to video, television (pay TV & free TV) and hotel operators. It is the biggest local distributor of Chinese, independent English and foreign language films, and distributes films to cinemas throughout Malaysia, Brunei, Vietnam, Myanmar and Cambodia.

DISTRIBUTED A TOTAL OF
95 FILMS
IN 2014



3/ IT SERVICES

EASI (M) Sdn Bhd provides retail solutions and IT services; their products include point-of-sale systems to customers in Malaysia, Singapore, Indonesia and Hong Kong. EASI Ticketing Sdn Bhd develops software applications for cinema ticketing, concessions and display solutions.

MOBILE APP
WITH CONCESSION
E-COMBO PURCHASE
& E-VOUCHER



Please refer to the PPB website
www.ppbgroup.com for more details.



1/ INVESTMENT PROPERTIES

PPB owns and manages 4 retail/commercial properties namely:

- Cheras LeisureMall in Taman Segar, Kuala Lumpur
- Cheras Plaza in Taman Segar, Kuala Lumpur
- New World Park in Lorong Swatow, Georgetown, Penang
- The Whiteaways Arcade, Beach Street, Penang



2/ PROPERTY DEVELOPMENT

PPB Hartabina Sdn Bhd is engaged in property development and its current project is a high-end residential development at:

- Taman Tanah Aman in Bukit Tengah, Seberang Prai



3/ PROJECT MANAGEMENT

PPB Property Development Sdn Bhd acts as project manager for property development projects under various PPB Group companies and affiliates. The major projects include:

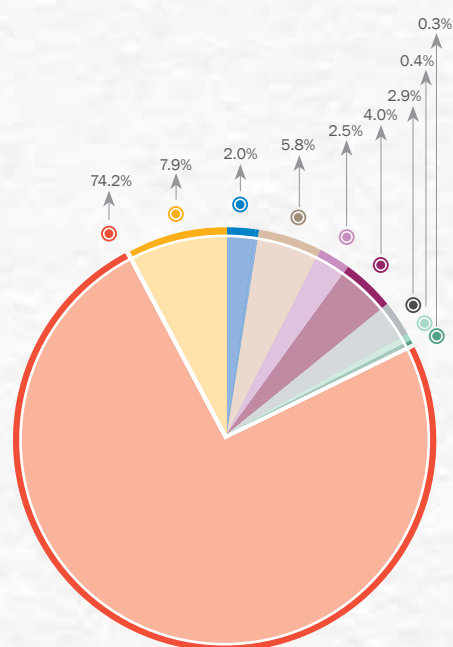
- Southern Marina Residences in Puteri Harbour, Nusajaya, Johor
- Shaw Parade in Pudu, Kuala Lumpur
- Ponderosa Woods in Johor Bahru

GROUP FINANCIAL HIGHLIGHTS

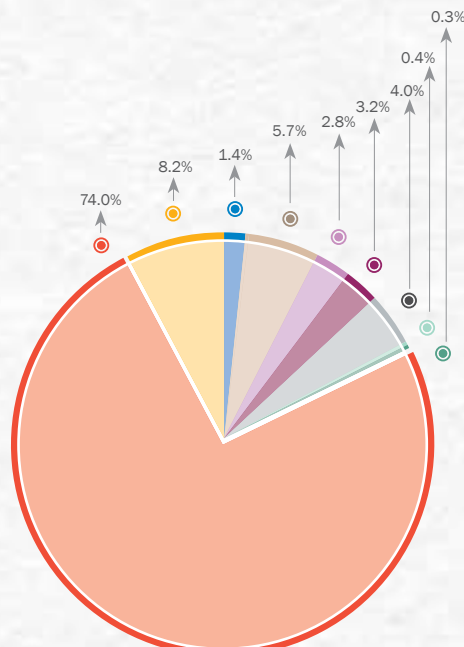
| | | 2014 RM Million | 2013 RM Million | % Change |
|---|---------|--------------------|--------------------|-------------|
| INCOME STATEMENT | | | | |
| Revenue | | 3,701 | 3,313 | 11.7 |
| Profit before tax | | 1,028 | 1,063 | -3.3 |
| Profit for the year | | 939 | 991 | -5.2 |
| Profit attributable to owners of the parent | | 917 | 983 | -6.7 |
| STATEMENT OF FINANCIAL POSITION | | | | |
| Equity attributable to owners of the parent | | 16,821 | 15,653 | 7.5 |
| Total equity | | 17,381 | 16,192 | 7.3 |
| RATIOS | | | | |
| Return on net assets attributable to owners of the parent | (%) | 5.45 | 6.28 | |
| Earnings per share | (sen) | 77.33 | 82.88 | |
| Interest coverage | (times) | 49.95 | 76.93 | |
| Current ratio | (times) | 2.48 | 3.14 | |
| Total borrowings/Equity | (%) | 3.18 | 2.59 | |
| Long-term borrowings/Equity | (%) | 0.36 | 0.55 | |
| Net assets per share attributable to owners of the parent | (RM) | 14.19 | 13.20 | |
| Operating cash flow per share | (sen) | 18.47 | 18.97 | |
| PE ratio | (times) | 18.49 | 19.47 | |
| Net dividend per share | (sen) | 23.00 | 25.00 | |
| 31 December closing price | (RM) | 14.30 | 16.14 | |

SIMPLIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS



YEAR 2014



YEAR 2013

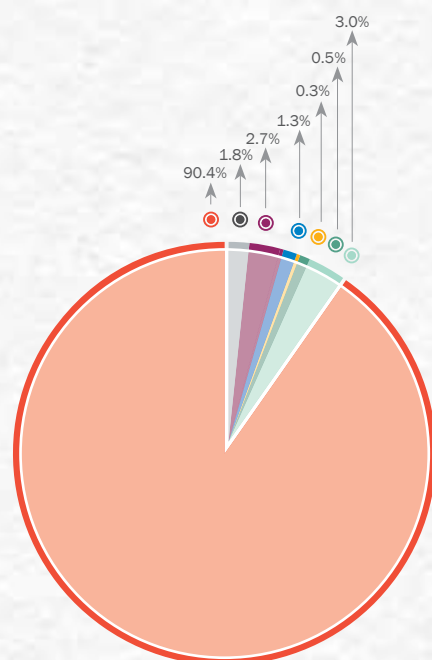
NON-CURRENT ASSETS

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

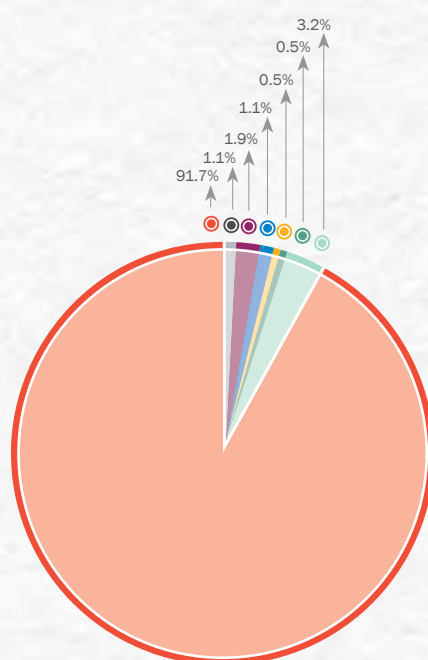
CURRENT ASSETS

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

EQUITY & LIABILITIES



YEAR 2014



YEAR 2013

NON-CURRENT LIABILITIES & EQUITY

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

CURRENT LIABILITIES

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



Every

*we focus on delivering
a greater entertainment
experience,*



Day

*so that you can share
moments of joy and drama
with your loved ones.*

DIRECTORS' PROFILES



DATUK OH SIEW NAM, 76

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 from 1989 to 2015.
- 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



LIM SOON HUAT, 50

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

- Malaysian Bulk Carriers Berhad
- Ponderosa Golf & Country Resort Berhad

CONTINUED

**DIRECTORS'
PROFILES**

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, 65

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



DATUK ONG HUNG HOCK, 61

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

CONTINUED
DIRECTORS' PROFILES

MR SOH CHIN TECK, 57

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.
- Former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- Nil


ENCIK AHMAD RIZA BIN BASIR, 54

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

CONTINUED

**DIRECTORS'
PROFILES**

MADAM TAM CHIEW LIN, 64

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 know 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

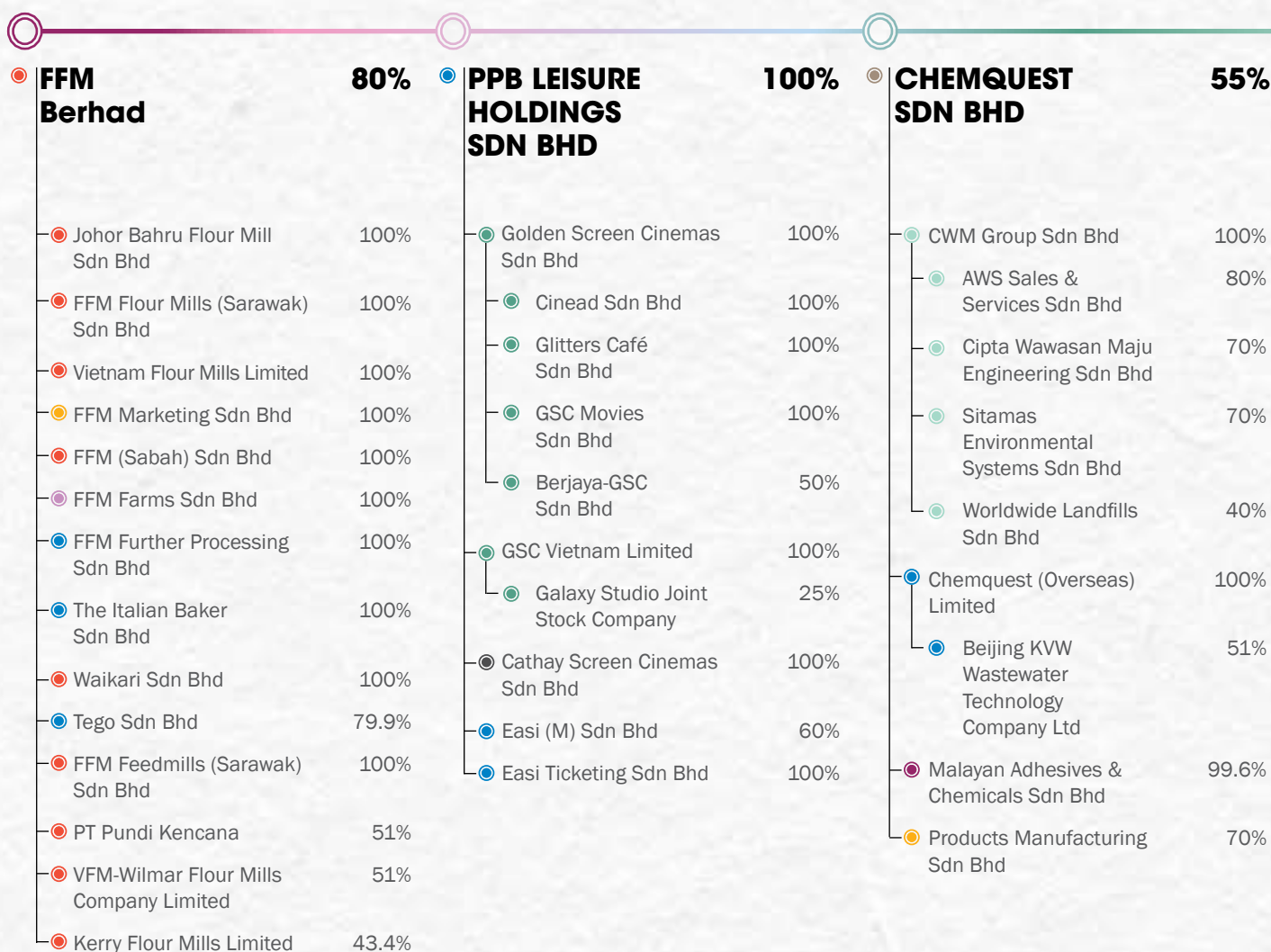
- JAB Capital Berhad

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 2015



CONTINUED

**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
AmBank (M) 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

FINANCIAL CALENDAR

FINANCIAL YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

RESULTS

1ST QUARTER

ENDED
31 MARCH
2014



Announced
21-May-14

2ND QUARTER

ENDED
30 JUNE
2014



Announced
27-Aug-14

3RD QUARTER

ENDED
30 SEPTEMBER
2014



Announced
26-Nov-14

4TH QUARTER

ENDED
31 DECEMBER
2014



Announced
27-Feb-15

DIVIDENDS

INTERIM SINGLE TIER DIVIDEND OF 7 SEN PER SHARE



Declared
27-Aug-14



Entitlement
Date
11-Sep-14



Paid
26-Sep-14

PROPOSED FINAL SINGLE TIER DIVIDEND OF 16 SEN PER SHARE



Announced
27-Feb-15



Entitlement
Date
18-May-15



Payable
29-May-15

PPB'S CORPORATE EVENTS AND INVESTOR RELATIONS ACTIVITIES IN 2014



6 MARCH 2014

A Press and Analyst Briefing was held to review the financial results for the year ended 31 December 2013 and other related matters.

10 MARCH 2014

Release of e-Investor Update for the 4th Quarter ended 31 December 2013.

15 MAY 2014

The 45th Annual General Meeting (AGM) of PPB was held to receive the audited financial statements for the year ended 31 December 2013 and approve other related AGM matters.

4 JUNE 2014

Release of e-Investor Update for the 1st Quarter ended 31 March 2014.

CONTINUED**PPB'S CORPORATE EVENTS
AND INVESTOR RELATIONS
ACTIVITIES IN 2014****3 SEPTEMBER 2014**

A Press and Analyst Briefing was held to review the financial results for the six months ended 30 June 2014 and other related matters.

10 SEPTEMBER 2014

Release of e-Investor Update for the 2nd Quarter ended 30 June 2014.

2 OCTOBER 2014

A directors' training session was held and topics included the impending goods and services tax; risk-based internal audit; the Board's responsibilities on risk management; and a preview of Southern Marina Residences, a project by an associate of PPB.

10 DECEMBER 2014

Release of e-Investor Update for the 3rd Quarter ended 30 September 2014.



Every

*we seek
new solutions
to problems,*



Day

*so that your
everyday life is
made convenient.*

CORPORATE GOVERNANCE STATEMENT

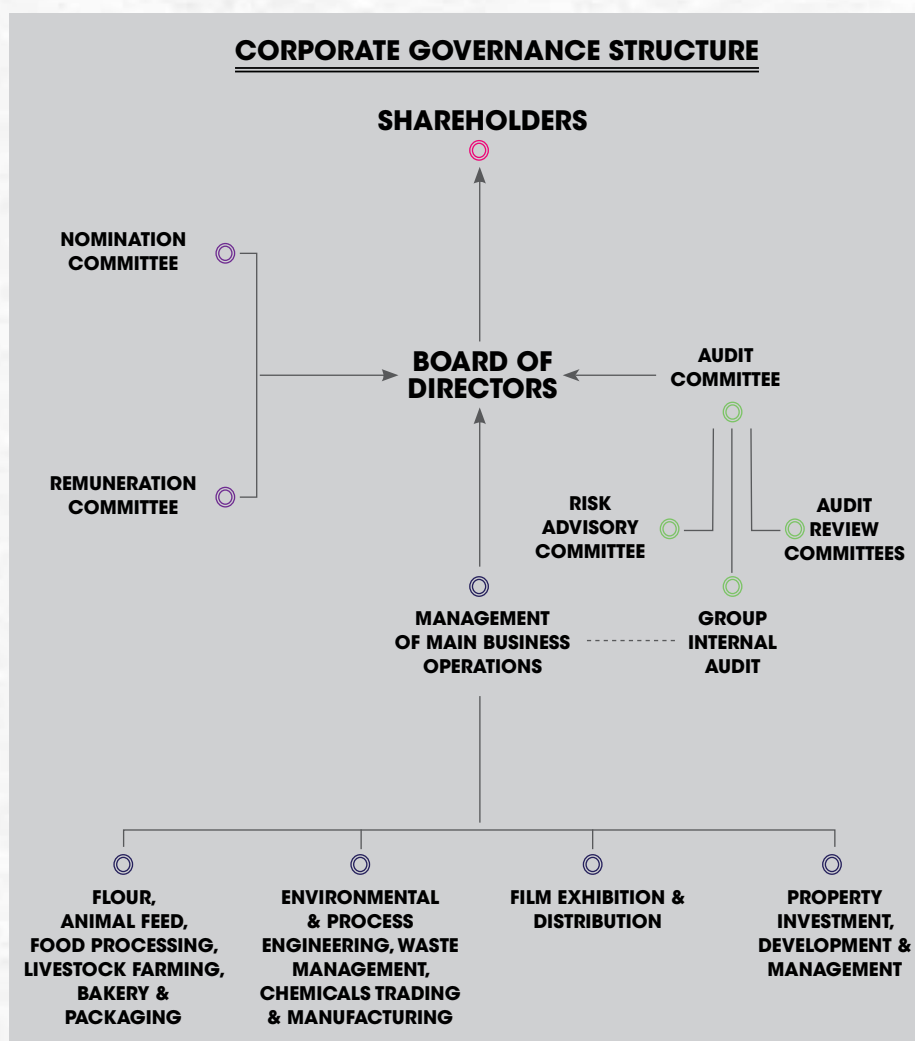
The Board of Directors of PPB Group Berhad is committed to maintaining a high standard of corporate governance and ensuring that effective self-regulatory controls exist throughout PPB and its subsidiaries ("the Group") to safeguard the Group's assets.

The Board especially recognizes 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 :

- Clear roles and responsibilities;
- Strengthen composition;
- Reinforce independence;
- Foster commitment;
- Uphold integrity in financial reporting;
- Recognise and manage risks;
- Ensure timely and high quality disclosure; and
- Strengthen relationship between Company and shareholders.



**CORPORATE GOVERNANCE
STATEMENT**

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 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 MCCG 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 26 to 29 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 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.

CONTINUED**CORPORATE GOVERNANCE
STATEMENT****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 reference, which are reviewed periodically to ensure that they are relevant and up-to-date. The three Board Committees are as follows :

- Audit Committee
- Nomination Committee
- 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 CommitteeResponsibilities

- 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 45 and 46 of the Annual Report.

Nomination Committee

The Nomination Committee 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.

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.

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 2014, the Nomination Committee held two meetings.

Remuneration Committee

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 2014, the Remuneration Committee held two meetings.

Responsibilities

- Review the remuneration packages of executive Directors which reflect 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.

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 2014, 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 | 3 | 75 |
| Tam Chiew Lin | 4 | 100 |

CONTINUED

**CORPORATE GOVERNANCE
STATEMENT****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, material acquisitions and disposals of assets by the Group, and major investments. 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 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 2014 are as follows :

| All figures in RM'000 | Executive Directors | Non-executive Directors |
|------------------------------|----------------------------|--------------------------------|
| Salary | 1,560 | 864 |
| Fees | 20 | 331 |
| Meeting allowances | 1 | 34 |
| Bonus | 3,000 | 1,200 |
| Benefits-in-kind | 72 | 48 |
| Employees Provident Fund | 286 | 124 |
| Total | 4,939 | 2,601 |

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

| | Executive Directors | Non-executive Directors |
|---------------------------|----------------------------|--------------------------------|
| RM50,001 – RM100,000 | - | 4 |
| RM2,100,000 – RM2,150,000 | 1 | - |
| RM2,300,000 – RM2,350,000 | - | 1 |
| RM2,800,000 – RM2,850,000 | 1 | - |

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

CONTINUED**CORPORATE GOVERNANCE
STATEMENT****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 are able 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 2014. The topics selected are based on subjects which are relevant to the needs of the Group and the Directors, and included the following :

- The impending goods and services tax.
- Risk-based internal audit.
- The Board's responsibilities on risk management.
- Preview of Southern Marina Residences, a project by an associate of PPB.

All the Directors attended the above session, and several Directors also attended other training sessions conducted externally.

**CORPORATE GOVERNANCE
STATEMENT**

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 this role, 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 47 and 48 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.

The Company has a Corporate Disclosure 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 is 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.

CONTINUED**CORPORATE GOVERNANCE
STATEMENT**

The Company's Corporate Disclosure 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 encompasses 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.

a. 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 annual Investor Handbook 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 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.

b. 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.

c. 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, *Head of 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
27 February 2015

AUDIT COMMITTEE REPORT

Composition

The members of the Audit Committee (AC) during the financial year ended 31 December 2014 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 | Member | Non-independent Non-executive |

Terms of Reference

The terms of reference of the AC are summarized 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 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 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 2014 and details of attendance of each committee member are as follows :

| Name of AC member | Number of Audit Committee Meetings | |
|--|------------------------------------|----------|
| | Held | Attended |
| Mr Soh Chin Teck | 4 | 4 |
| Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid | 4 | 4 |
| Madam Tam Chiew Lin | 4 | 4 |

CONTINUED**AUDIT COMMITTEE
REPORT****Activities**

For the financial year ended 31 December 2014, 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, approved their audit plan, scope and audit approach; and assessed 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 Audit Committee 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.

During the year, members of the AC visited the following PPB Group operations :

| Entity/Location | Business activity |
|---|------------------------|
| Johor Bahru Flour Mill – Pasir Gudang, Johor | Flour and feed milling |
| Southern Marina Development project – Puteri Harbour, Iskandar, Johor | Property development |

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 2014 was about RM1.91 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 2014, 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.

Following a quality assurance review of PPBIAD in 2013 by the Institute of Internal Auditors Malaysia (IIAM), PPBIAD had implemented various steps to further improve its efficiency and effectiveness. In their follow-up report dated 17 November 2014, IIAM has subsequently rated PPBIAD as 'Generally Conforms' to the International Standards for the Professional Practice of Internal Auditing.

Soh Chin Teck

Audit Committee Chairman
(Independent Non-executive Director)

27 February 2015

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 guidelines 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.

CONTINUED

**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.

27 February 2015

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, which helps us manage and create value for the Company.

The sustainability and long-term success of PPB Group depend on our access to resources and the strength of relationships 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 improvements in our operations through new technology to minimise harm to the environment in producing safe, reliable and quality products for our customers, also contributes to our Group'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 year 2014.

CONTINUED

CORPORATE SUSTAINABILITY STATEMENT



ENVIRONMENT

We are conscious that the planet belongs not to us, but to future generations, and therefore, we are committed to minimizing 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.

Some aid to those affected by the floods in the east coast and Perak

CORPORATE SUSTAINABILITY STATEMENT



Helping to build a trail for nature lovers

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 businesses. As such, PPB Group endeavours to provide quality products and services in a manner that optimises the environmental integrity of our processes and facilities.

i. **Recycle, Reduce and Reuse**

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

During the year, PPB organised two separate collections of recyclable items from the staff to be given to the Pertubuhan Amal Seri Sinar Kuala Lumpur & Selangor and Pusat Jagaan Insan Istimewa; both these entities generate income from the sale of recyclable items.

ii. **Energy Conservation**

Energy-saving lightings and equipment are used in the office and business operations. Office lights are turned off during the lunch break and in unoccupied areas to conserve energy.

iii. **Electronic Publications**

The Annual Report and Investor Handbook of PPB are published in CD-ROM format and posted on PPB's website. Besides that, PPB has ceased distribution of its quarterly Investor Updates in hard copy which are now accessible exclusively from PPB's website.

iv. **"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 items and bring their own bags and containers for shopping and packed meals.

v. **Going Ticketless**

Golden Screen Cinemas Sdn Bhd (GSC), a wholly-owned subsidiary of PPB, introduced the GSC Mobile App (for iPhone, Android and Windows) which enables movie-goers to purchase tickets on their smartphones. Patrons are able to enjoy the "ticketless" option by scanning the 2D barcode on their smartphone screens at the selected cinema checkpoints.

vi. **"I'm Finished with Fins"**

In support of the global marine conservation initiative, GSC signed the corporate pledge on the "I'm FINished with FINS" campaign. GSC has pledged to remove shark fin from corporate functions.

vii. **Earth Hour Initiative 2014**

GSC continued its commitment towards Earth Hour by switching off all non-essential lights in GSC cinemas nationwide between 8.30 pm and 9.30 pm on 29 March 2014.

viii. **Build a Trail and Appreciate Nature**

PPB sponsored and assisted in the building of a new forest trail known as the "Unity Trail" measuring 2.2 km in the Kota Damansara Community Forest (KDCF) in Kota Damansara, Petaling Jaya. PPB Group staff participated in the building of the trail on weekend Volunteer Days. The Unity Trail is strategically important as it links the existing trails in KDCF increasing the total trail length in KDCF to 10 km suitable for trekking and mountain biking.

CONTINUED

CORPORATE SUSTAINABILITY STATEMENT



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.

CONTINUED

CORPORATE
SUSTAINABILITY STATEMENT

PPB held a 2-day team building workshop at IOI Resort City, Putrajaya



Risk management awareness workshop

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

i. Benefits

To provide a rewarding and supportive working environment for more than 4,000 employees, the Group encourages continual professional and personal development of staff through various training programmes, workshops and seminars. Awareness talks on health and personal financial management were organised 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 social interaction amongst employees with various company events.

ii. Smoke-free Workplace

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

iii. No Harassment

PPB is committed to providing a workplace free from gender discrimination and sexual harassment as well as discrimination and harassment based on race, colour, gender, 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 any superior, supervisor or other employee.

iv. 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 workout sessions with an external fitness trainer for its employees. During the year, PPB Group staff and family members also participated in the Park City Run 2014 held at Desa Park City, Kuala Lumpur and the Standard Chartered KL Marathon 2014.

CONTINUED

CORPORATE SUSTAINABILITY STATEMENT



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.

CONTINUED

CORPORATE SUSTAINABILITY STATEMENT

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

i. 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 2014, the Fund donated school uniforms, shoes, socks and school bags complete with stationery sets under the "Educare Project" to poor schoolchildren from Perlis. Study grants were given to deserving secondary school students in the state.

ii. Aid to Flood Victims

After the massive floods hit several east coast states in Peninsular Malaysia in late-December 2014, FFM Berhad, PPB's 80%-subsidiary, mobilised its staff to distribute ready-to-eat items manufactured and distributed by FFM Group such as Massimo cream rolls, Chiffon-in-a-Cup and other products to flood victims at several relief centres in the east coast and Perak. After the victims returned to their homes, FFM staff made house-to-house deliveries of items such as cleaning products, mosquito sprays and heavy duty garbage bags to 6,000 families.

Apart from PPB Group's contribution, the staff of FFM group voluntarily started a donation drive and collected a total sum of RM72,000 to help ease the burden of the flood victims and FFM staff who were affected by the floods.

iii. Festival Celebrations

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



Chinese New Year celebration with the special children of Persatuan Insan Istimewa Cheras

CONTINUED**CORPORATE
SUSTAINABILITY STATEMENT**

PPB brought cheer to the residents of Persatuan Insan Istimewa Cheras, Rumah Anak Yatim Al-Nasuha, Siddharthan Care Centre, The Touch Community and the Kapar Community in Klang in conjunction with the celebration of the various main festivals. PPB donated products manufactured/distributed by FFM Group to these homes besides giving them festive goodies, new clothings as well as fulfilling some of their wishes.

Cheras LeisureMall, a shopping complex owned and managed by PPB, carried out the 'Toy Bank – a Gift of Love' event in December 2014 to good response. The Toy Bank collected more than 2,000 gifts for children from 12 homes in the Klang Valley.

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

iv. "Back to School" Project

PPB donated school uniforms complete with school shoes, socks and whiteners to 2,223 poor students from 19 primary schools in Bagan Serai, Perak under this project.

v. "Let the Blind Read" Project

PPB assisted the Malaysian Association for the Blind (MAB) in the production of Braille storybooks for primary schoolchildren and sponsored a set of 44 Braille storybooks each to 26 primary schools for the blind in the country.

vi. "Helping the Poor to Help Themselves" Project

Under this project, PPB has given in-kind assistance to a poor single mother to complete her Diploma Course in Early Childhood Education. In addition, PPB contributed 10 units of sewing machines to the YWCA, an NGO that manages a vocational training centre to teach useful skills to underprivileged women in the country.



A happy recipient of PPB's "Back to School" project

vii. Setting up of a mini-bakery at Shepherd's Centre Foundation

PPB's 80%-subsidiary, FFM Berhad, helped set up a mini-bakery for the Shepherd's Centre Foundation, a home for orphans, abandoned, abused and neglected children in Semenyih. FFM with its technical and baking expertise installed the baking equipment and conducted baking classes, to impart the necessary baking skills to the children there. These baking skills will eventually prepare them for the workforce.



More than 10,000 students have received school uniforms and shoes from the "Back to School" project since its inception in 2010

CONTINUED

CORPORATE
SUSTAINABILITY STATEMENT

PPB staff learning how to help the visually impaired under the "Let the Blind Read" project



Eagle Club XIII Judo Championship held at Cheras LeisureMall

viii. 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 local and international schools and Judo Clubs in the Klang Valley competed. The event helps to raise awareness of the sport to the community at large and enabled young participants to showcase their skills in a healthy sport.

ix. 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.

x. Women Street Crime Awareness Campaign

Cheras LeisureMall hosted the Women Street Crime Awareness Campaign on 12 October 2014. Working in partnership with the Road Safety Marshal Club Malaysia, the event aimed to educate women on their personal safety and empower them to protect themselves.

xi. Senior Citizens, We Appreciate You

Free movie screenings and health awareness programmes were organised at GSC cinemas for senior citizens to show appreciation and encourage senior citizens to maintain an active and varied lifestyle. In addition, senior citizens above the age of 55 years enjoy a significant discount on movie tickets on weekdays.



"Women Street Crime Awareness" campaign in Cheras LeisureMall

CONTINUED

CORPORATE SUSTAINABILITY STATEMENT



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.

CONTINUED

**CORPORATE
SUSTAINABILITY STATEMENT**

Quality checks at FFM's food processing plant in Pulau Indah

i. Keeping Stakeholders Informed

Recognising the need to keep stakeholders abreast of the Group's activities, quarterly Investor Updates and an annual Investor Handbook are published to enable investors to have a better understanding and assessment of the Group's operations and strategic direction. 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.

ii. 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 labeled for better awareness to allow consumers to make healthy choices.

iii. 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.

iv. 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 2014 were as follows :

| Name of entity | Fees (RM) | Purpose |
|----------------------------------|-----------|---|
| Mazars | 6,000 | Review of statement on risk management and internal control |
| Mazars | 18,700 | Revenue certification |
| Mazars Taxation Services Sdn Bhd | 159,930 | 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 regulatory authorities during the financial year ended 31 December 2014.

3. Material contracts

There were no material contracts entered into by PPB Group involving the directors' and major shareholders' interests since the end of the previous financial year nor still subsisting at the end of the financial year ended 31 December 2014.

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 Kuok Brothers Sdn Berhad ("KBSB") and/or their connected persons during the financial year ended 31 December 2014 pursuant to the shareholders' mandate obtained at the 45th Annual General Meeting are as follows :

| Nature of transactions undertaken by PPB and/or its subsidiaries | Transacting party | Year 2014 Actual RM'000 | Nature of relationship |
|---|-----------------------------------|-------------------------|--|
| Purchase of cooking oil, soyabean, doughfat, crude palm oil and soyabean meal from PGSB Group | | | |
| FFM Berhad ("FFM")* Group | PGSB Group | 156,650 | PGSB is a major shareholder of FFM. |
| Sale of polypropylene woven bags and flexible intermediate bulk containers to PGSB Group | | | |
| Tego Sdn Bhd | PGSB Group | 2,441 | 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") | 4,993 | PGEO is a wholly-owned subsidiary of PGSB. |

CONTINUED

**ADDITIONAL COMPLIANCE
INFORMATION**

| Nature of transactions undertaken by PPB and/or its subsidiaries | Transacting party | Year 2014 Actual RM'000 | Nature of relationship |
|--|--|--------------------------------|--|
| Purchase of crude palm oil from Sapi | | | |
| FFM (Sabah) Sdn Bhd | Sapi Plantations Sdn Bhd ("Sapi") | 4,290 | 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") | 68,219 | 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 | 90 | Wilmar is a person connected to PGSB. |
| Payment of advisory fee to WTC | | | |
| FFM Group | Wilmar Trading (China) Pte Ltd ("WTC") | 385 | WTC is an indirect 100%-owned subsidiary of Wilmar. |
| Purchase of light fuel oil from WEO | | | |
| Johor Bahru Flour Mill Sdn Bhd ("JBFM") | Wilmar Edible Oils Sdn Bhd ("WEO") | 39 | WEO is an indirect 100%-owned subsidiary of Wilmar. |
| Sale of animal feed, bran and pollard, flour, maize and raw materials to Min Tien | | | |
| JBFM | Min Tien & Co Sdn Bhd ("Min Tien") | 13,251 | Min Tien is a 51.7% - owned subsidiary of KBSB, a major shareholder of PPB. |

* FFM is an 80% subsidiary of PPB.



Every

*we listen to homeowners
to understand their needs
and requirements,*



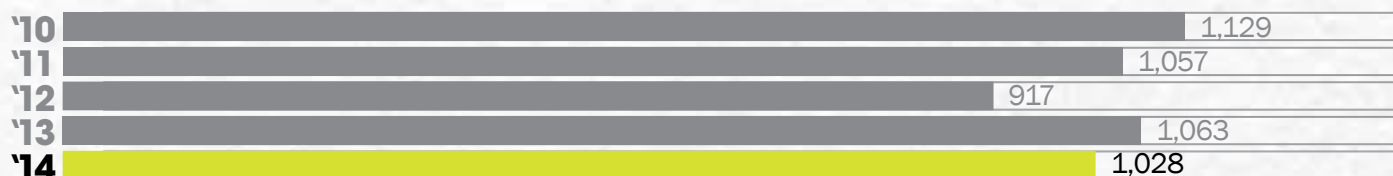
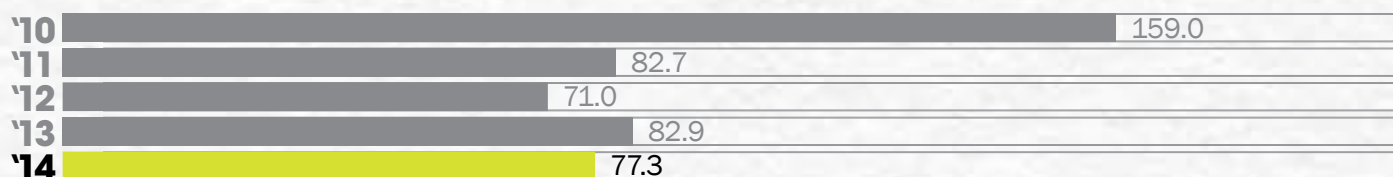
Day

*so that you can have
your dream home.*

5-YEAR GROUP FINANCIAL STATISTICS

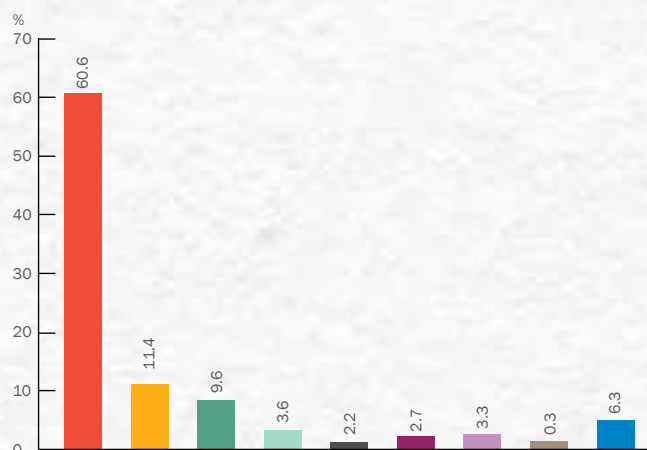
| Year ended 31 December | | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------|--------|--------|--------|--------|--------|
| Revenue | RM Million | 3,701 | 3,313 | 3,018 | 2,711 | 2,274 |
| Share of net profits less losses of associates | RM Million | 719 | 786 | 713 | 815 | 772 |
| Profit before tax | RM Million | 1,028 | 1,063 | 917 | 1,057 | 1,129 |
| Profit for the year | RM Million | 939 | 991 | 868 | 1,013 | 1,909 |
| Net dividend for the financial year | RM Million | 273 | 296 | 237 | 273 | 1,043 |
| | | | | | | |
| Issued share capital | RM Million | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 |
| Equity attributable to owners of the parent | RM Million | 16,820 | 15,653 | 14,271 | 14,062 | 13,277 |
| Total equity and liabilities | RM Million | 18,605 | 17,065 | 15,579 | 15,199 | 13,935 |
| Earnings per share | Sen | 77.33 | 82.88 | 71.04 | 82.70 | 159.00 |
| | | | | | | |
| PPB Share Price - Closing | | | | | | |
| Year high | RM | 16.68 | 16.14 | 17.72 | 17.96 | 19.54 |
| Year low | RM | 13.46 | 12.00 | 11.18 | 15.76 | 15.10 |
| Year close | RM | 14.30 | 16.14 | 11.60 | 17.16 | 17.26 |
| No. of shareholders | | 9,868 | 10,242 | 11,817 | 9,537 | 10,135 |

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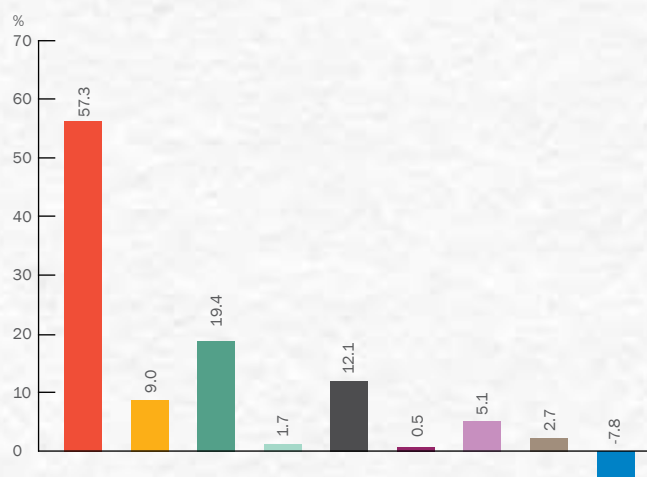
5-YEAR GROUP
FINANCIAL STATISTICSREVENUE **RM3.7 Billion**PROFIT BEFORE TAX **RM1,028 Million**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT **RM16.8 Billion**EARNINGS PER SHARE **77.3 Sen**NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT **RM14.2**OPERATING CASH FLOW PER SHARE **18.5 Sen**

SEGMENTAL ANALYSIS

REVENUE RM3.701 Billion

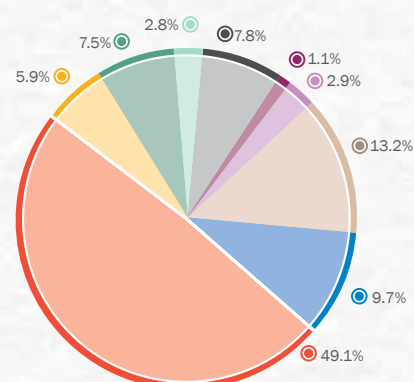


PROFITS RM313.0 Million

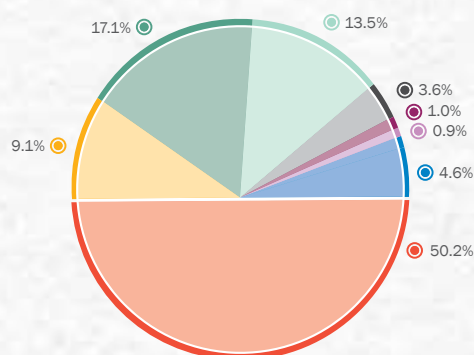


- Flour & feed milling, & grains trading
- Marketing distribution & manufacturing of consumer products
- Film exhibition & distribution
- Environmental engineering, waste management & utilities
- Property investment & development
- Chemicals trading & manufacturing
- Livestock farming
- Investments in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

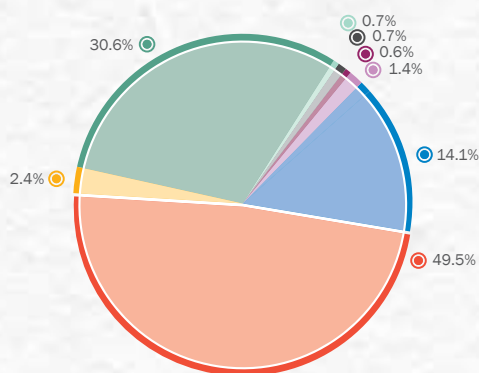
ASSETS RM3.886 Billion



LIABILITIES RM560.6 Million

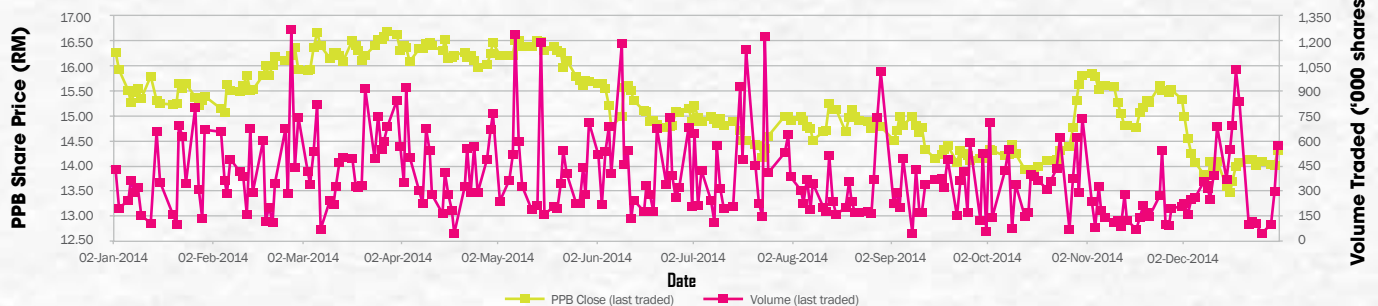


CAPITAL EXPENDITURE RM185.4 Million

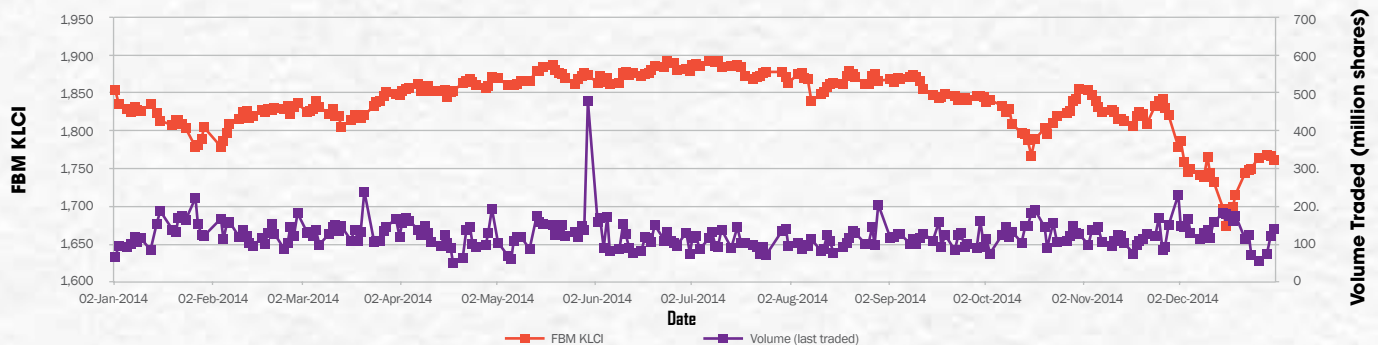


SHARE PERFORMANCE

PPB SHARE PRICE & VOLUME TRADED FOR YEAR 2014



FBM KLCI AND VOLUME TRADED FOR YEAR 2014



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

Like the bond market, the performance of the domestic equity market also followed two noticeable trends during the year that largely reflected changes in the global environment. The domestic equity market was generally on an upward trend between February and mid-July given the positive global and domestic sentiments. Against the background of low global financial market volatility, low interest rates in the major economies and ample global liquidity, international investors were attracted to the domestic equity market by the positive earnings prospects amid the strong domestic macroeconomic performance. During the period, the share of non-resident holdings of the domestic equity market increased to 24.1% in July (end 2013: 23.9%). Strong demand from non-residents was reinforced by resident investors, resulting in the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) reaching its new historical peak of 1,892.7 points on 8 July 2014, an increase of 6.4% from February.

The rally in the domestic equity market subsequently reversed due to rising global uncertainties and, to some extent, domestic developments.

The upward trend was initially interrupted by the Malaysia Airlines flight MH17 incident which affected investor sentiments. Additionally, the market was also affected by disappointing second quarter corporate earnings, particularly in the plantation sector, in view of the weak crude palm oil prices. The downward trend was further weighed down by profit-taking and the unwinding of portfolio investments by non-resident investors from regional equity markets, including Malaysia.

Towards year-end, sentiments in the domestic equity market were also affected by the sharp decline in oil prices. Concerns over the impact of lower oil prices on the domestic economy led to a sell-off in the domestic equity market. The oil and gas sector was particularly affected amid concerns that lower oil prices would lead to lower corporate earnings and investments. The index declined by 11.6% from its peak to reach its lowest level for the year at 1,673.9 points on 16 December 2014. For the year, the FBM KLCI declined by 5.7% (2013: +10.5%) to close at 1,761.3 points. As at end-December 2014, the FTSE Bursa Malaysia's market capitalisation stood at RM1.65 trillion (2013: RM1.70 trillion).

[Source: Bank Negara Malaysia, Annual Report 2014]

Trending with the FBM KLCI, PPB's share price closed lower at RM14.30 as compared with the closing price of RM16.14 in 2013 and accordingly, market capitalisation of PPB shares decreased to RM16.960 billion from RM19.142 billion.

| PPB Share Price - Closing | 2014 RM | 2013 RM | Change % |
|---------------------------|----------------|----------------|----------|
| Year High | 16.68 | 16.14 | 3.35 |
| Year Low | 13.46 | 12.00 | 12.17 |
| Year Close | 14.30 | 16.14 | (11.40) |
| Market Capitalisation | 16.960 billion | 19.142 billion | (11.40) |

ADDITIONAL FINANCIAL INFORMATION

GROUP CASH FLOWS

Net cash generated from operating activities in 2014 was RM218.6 million compared with RM224.9 million in 2013 with more cash used in funding higher wheat and maize inventory levels.

The Group generated net cash of RM66.9 million from investing activities in 2014. During the year, the Group spent RM152.3 million on capacity expansions of flour and feed mills, as well as the bakery and cinemas; RM31.8 million for acquisition of shares in its China and Malaysia associates; and RM45.5 million in advances to associates. The Group also received RM40.9 million from the sale of a vessel and an investment property. Dividends received from associates amounted to RM234.7 million in 2014.

The net cash of RM177.0 million used in financing activities was mainly for dividend payments to shareholders. In 2014, the Group utilised RM153.7 million of revolving credits and short-term loan facilities and repaid RM35.0 million of its long-term loan facilities.

GROUP BANK BORROWINGS

As at 31 December 2014, the Group's borrowings were higher at RM553.6 million compared with RM419.6 million in 2013, of which 84% or RM466.7 million were bills payable and drawdown trade facilities. The balance 16% amounting to RM86.9 million comprised:

- current portion of long-term loans, revolving credits, overdraft and hire purchase liabilities totaling RM24.9 million, all repayable within 12 months; and
- long-term bank loans and hire purchase liabilities totaling RM62.0 million, which are repayable within 5 years.

Most of the Group's borrowings were unsecured and based on floating rates of interest ranging from 0.57% to 10.30% per annum. The Group's exposure to foreign currency borrowings was RM362.4 million of which about 70% was USD-denominated.

GROUP CAPITAL EXPENDITURE

Total Group capital expenditure incurred during the year amounted to RM185.4 million and the major items were as follows:

- FFM Group spent RM15.8 million to expand its new flour mill in Indonesia; RM28.2 million to invest in a new flour mill in Quang Ninh, Vietnam; RM5.0 million to construct concrete silos; RM19.8 million on acquisition of a feed mill from a third party; RM14.1 million on new baking machineries and supporting facilities; RM5.6 million on its frozen food production facility and cold room, and RM2.6 million on a new warehouse.
- PPB Leisure Group spent RM17.4 million on the outfitting of new cinemas in Palm Mall, Seremban and Quill City Mall, Kuala Lumpur; RM31.2 million on new cinemas to be opened in 2015; and a total of RM7.1 million to purchase the Dolby Atmos sound system, replace cinema seats, and upgrade of computer systems.
- Chemquest Group spent RM2.9 million on office renovations, 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 2014 set out on pages 76 to 167 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 25 March 2015.

THE FINANCIAL STATEMENTS

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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 2014.

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 | <u>938,917</u> | <u>282,777</u> |
| Attributable to: | | |
| Owners of the parent | 916,779 | 282,777 |
| Non-controlling interests | <u>22,138</u> | <u>-</u> |
| | <u>938,917</u> | <u>282,777</u> |

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 2013 as disclosed in the Directors' report of that year: | |
| Final single tier dividend of 17 sen per share paid on 6 June 2014 | 201,535 |
| In respect of the financial year ended 31 December 2014: | |
| Interim single tier dividend of 7 sen per share paid on 26 September 2014 | 82,985 |
| | <u>284,520</u> |

The Directors have recommended a final single tier dividend of 16 sen per share in respect of the financial year ended 31 December 2014 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 2014 would be 23 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 80 and 81.

CONTINUED

DIRECTORS'
REPORT

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 | |
| Tam Chiew Lin | |

In accordance with Article 107 of the Company's Articles of Association ("Articles"), Datuk Ong Hung Hock and Mr Soh Chin Teck retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-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

| Name of Director | No. of ordinary shares of RM1 each registered in the name of Directors | | | |
|-------------------|---|--------|------|-------------------|
| | As at 1.1.14 | Bought | Sold | As at 31.12.14 |
| Datuk Oh Siew Nam | 120,666 | - | - | 120,666 |
| Tam Chiew Lin | 6,000 | - | - | 6,000 |

| Name of Director | No. of ordinary shares of RM1 each in which the Directors are deemed to have interest | | | |
|-------------------|--|--------|------|-------------------|
| | As at 1.1.14 | Bought | Sold | As at 31.12.14 |
| Datuk Oh Siew Nam | 1,204,498 | - | - | 1,204,498 |
| Tam Chiew Lin | 10,000 | - | - | 10,000 |

CONTINUED

**DIRECTORS'
REPORT**

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Interest in subsidiary – Tego 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 1.1.14 | Bought | Sold | As at 31.12.14 |
| 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 1.1.14 | Bought | Sold | As at 31.12.14 |
| Lim Soon Huat | 200,000 | - | - | 200,000 |
| Datuk Ong Hung Hock | 290,000 | - | - | 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 1.1.14 | Bought | Sold | As at 31.12.14 |
| 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 1.1.14 | Bought | Sold | As at 31.12.14 |
| Datuk Oh Siew Nam | 100,000 | - | - | 100,000 |

The other Directors holding office at 31 December 2014 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.

CONTINUED**DIRECTORS'
REPORT****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
25 March 2015

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

| | <i>Note</i> | 2014 RM'000 | 2013 RM'000 |
|---|-------------|------------------------|------------------------|
| Revenue | <i>3</i> | 3,701,008 | 3,312,917 |
| Cost of sales | <i>4</i> | (3,110,930) | (2,786,458) |
| Gross profit | | 590,078 | 526,459 |
| Other income | | 101,641 | 119,990 |
| Distribution costs | | (164,919) | (144,954) |
| Administrative expenses | | (162,656) | (135,611) |
| Other expenses | | (38,863) | (78,356) |
| Share of net profits less losses of associates | | 719,496 | 785,662 |
| Share of profits of joint venture | | 4,646 | 3,870 |
| Finance costs | <i>5</i> | (21,279) | (13,643) |
| Profit before tax | <i>6</i> | 1,028,144 | 1,063,417 |
| Income tax expense | <i>7</i> | (89,227) | (72,478) |
| Profit for the year | | 938,917 | 990,939 |
| Attributable to: | | | |
| Owners of the parent | | 916,779 | 982,573 |
| Non-controlling interests | | 22,138 | 8,366 |
| | | 938,917 | 990,939 |
| Basic earnings per share attributable to owners of the parent (sen) | <i>8</i> | 77.3 | 82.9 |

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 RM'000 | 2013 RM'000 |
|--|------------------|------------------|
| Profit for the year | 938,917 | 990,939 |
| <u>Other comprehensive income/(loss), net of tax</u> | | |
| <i>Items that will be subsequently reclassified to profit or loss</i> | | |
| Foreign exchange differences arising during the year: | | |
| - Gains on translation of foreign operations | 829,626 | 844,905 |
| - Reclassification adjustments to profit or loss upon disposal of an asset | 13,722 | - |
| Fair value of available-for-sale financial assets: | | |
| - (Losses)/Gains arising during the year | (146,608) | 53,271 |
| - Reclassification adjustments to profit or loss upon disposal of quoted investments | - | (15,179) |
| Share of associates' other comprehensive losses | (164,157) | (225,530) |
| Total comprehensive income | <u>1,471,500</u> | <u>1,648,406</u> |
| Attributable to: | | |
| Owners of the parent | 1,441,212 | 1,637,484 |
| Non-controlling interests | 30,288 | 10,922 |
| | <u>1,471,500</u> | <u>1,648,406</u> |

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| | <i>Note</i> | 2014 RM'000 | 2013 RM'000 |
|--|-------------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 1,264,298 | 1,195,996 |
| Investment properties | 10 | 195,623 | 204,090 |
| Biological assets | 11 | 3,152 | 2,877 |
| Land held for property development | 12 | 19,270 | 17,176 |
| Goodwill | 13 | 73,876 | 74,615 |
| Other intangible assets | 14 | 2,971 | 2,696 |
| Investments in associates | 16 | 13,801,218 | 12,628,152 |
| Investment in joint venture | 17 | 58,477 | 57,368 |
| Other investments | 18 | 513,672 | 660,634 |
| Deferred tax assets | 19 | 5,781 | 7,683 |
| Total non-current assets | | 15,938,338 | 14,851,287 |
| Current assets | | | |
| Inventories | 21 | 718,607 | 508,493 |
| Biological assets | 11 | 19,312 | 17,370 |
| Other intangible assets | 14 | 10,755 | 11,957 |
| Property development costs | 22 | 21,313 | 23,165 |
| Gross amount due from customers | 23 | 53,281 | 20,035 |
| Trade receivables | 24 | 455,943 | 473,436 |
| Other receivables, deposits and prepayments | 25 | 141,484 | 78,335 |
| Amounts due from associates | 26 | 138,604 | 93,880 |
| Derivative financial assets | 27 | 12,040 | 5,263 |
| Current tax assets | | 11,646 | 17,218 |
| Deposits | 28 | 423,066 | 498,348 |
| Short-term fund placements | 29 | 401,696 | 296,481 |
| Cash and bank balances | 30 | 254,549 | 170,162 |
| | | 2,662,296 | 2,214,143 |
| Non-current assets classified as held for sale | 31 | 4,545 | - |
| Total current assets | | 2,666,841 | 2,214,143 |
| TOTAL ASSETS | | 18,605,179 | 17,065,430 |

CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Note</i> | 2014 RM'000 | 2013 RM'000 |
|---|-------------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 32 | 1,185,500 | 1,185,500 |
| Share premium | | 6,715 | 6,715 |
| Other non-distributable reserves | 33 | 738,988 | 209,684 |
| Retained earnings | | 14,889,310 | 14,251,381 |
| Equity attributable to owners of the parent | | 16,820,513 | 15,653,280 |
| Non-controlling interests | | 560,803 | 538,617 |
| Total equity | | 17,381,316 | 16,191,897 |
| Non-current liabilities | | | |
| Long-term bank borrowings | 34 | 61,984 | 89,657 |
| Hire purchase liabilities | 35 | 6 | 41 |
| Deferred tax liabilities | 36 | 85,313 | 79,984 |
| Total non-current liabilities | | 147,303 | 169,682 |
| Current liabilities | | | |
| Gross amount due to customers | 23 | 257 | 4,271 |
| Trade payables | 37 | 338,588 | 181,887 |
| Other payables and accruals | 38 | 212,871 | 166,003 |
| Amounts due to associates | 26 | 488 | 578 |
| Derivative financial liabilities | 27 | 17,269 | 6,348 |
| Hire purchase liabilities | 35 | 35 | 45 |
| Short-term borrowings | 39 | 491,289 | 329,071 |
| Bank overdrafts | 40 | 271 | 739 |
| Current tax liabilities | | 14,638 | 14,909 |
| | | 1,075,706 | 703,851 |
| Liability associated with non-current assets classified as held for sale | 31 | 854 | - |
| Total current liabilities | | 1,076,560 | 703,851 |
| Total liabilities | | 1,223,863 | 873,533 |
| TOTAL EQUITY AND LIABILITIES | | 18,605,179 | 17,065,430 |

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

| | | ←----- Attributable to owners of the parent ----- | | | |
|--|------|---|----------------------------|----------------------------------|--|
| | | ←----- Non-distributable ----- | | | |
| | | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Translation Reserve RM'000 |
| | Note | | | | |
| At 1 January 2013 | | 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 | 41 | - | - | - | (92) |
| Transfer of reserves | 42 | - | - | (15,401) | - |
| Dividends paid to shareholders of the Company | 43 | - | - | - | - |
| 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) |
| Other comprehensive income | | - | - | - | 553,230 |
| Profit for the year | | - | - | - | - |
| Total comprehensive income | | - | - | - | 553,230 |
| Changes in equity interest in an associate | 41 | - | - | - | - |
| Transfer of reserves | 42 | - | - | (463) | - |
| Dividends paid to shareholders of the Company | 43 | - | - | - | - |
| Dividends paid to non-controlling interests of subsidiaries | | - | - | - | - |
| At 31 December 2014 | | 1,185,500 | 6,715 | 44,668 | 258,819 |

The accompanying notes form an integral part of the financial statements

CONTINUED

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 |
|---------------------------------|----------------------------|------------------------------|--------------------------------|-----------------|--|---------------------------|
| 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 |
| (146,561) | 100,820 | 16,944 | - | 524,433 | 8,150 | 532,583 |
| - | - | - | 916,779 | 916,779 | 22,138 | 938,917 |
| (146,561) | 100,820 | 16,944 | 916,779 | 1,441,212 | 30,288 | 1,471,500 |
| - | - | - | 10,541 | 10,541 | - | 10,541 |
| - | - | 5,334 | (4,871) | - | - | - |
| - | - | - | (284,520) | (284,520) | - | (284,520) |
| - | - | - | - | - | (8,102) | (8,102) |
| 89,626 | 76,897 | 268,978 | 14,889,310 | 16,820,513 | 560,803 | 17,381,316 |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 RM'000 | 2013 RM'000 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 1,028,144 | 1,063,417 |
| Adjustments for non-cash items: | | |
| Amortisation and depreciation | 112,447 | 108,992 |
| Bad and doubtful debts | 9,178 | 5,164 |
| Property, plant and equipment, investment properties and other intangible assets written off | 1,138 | 5,436 |
| Impairment of investment property | - | 134 |
| Impairment of investment property written back | (44) | (32) |
| Impairment of property, plant and equipment written back | (759) | (301) |
| Impairment of goodwill | 739 | - |
| Net loss/(gain) on disposal of property, plant and equipment and investment properties | 2,044 | (1,480) |
| Gain on disposal of an associate | (1,569) | - |
| Deficit arising from liquidation of an associate | 506 | - |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | 787 | (196) |
| Net gain on disposal of available-for-sale financial assets | - | (15,180) |
| Share of net profits less losses of associates | (719,496) | (785,662) |
| Share of profits of joint venture | (4,646) | (3,870) |
| Inventories written down | 6,464 | 367 |
| Unrealised net foreign exchange (gain)/loss | (839) | 49,791 |
| Unrealised net loss/(gain) on fair value of derivative financial instruments | 6,633 | (15,051) |
| Interest expense | 21,279 | 13,643 |
| Dividend income | (9,676) | (23,454) |
| Income from short-term fund placements | (10,800) | (2,975) |
| Interest income | (18,222) | (25,401) |
| Rental income | (3,460) | (3,417) |
| Operating profit before working capital changes | 419,848 | 369,925 |
| Adjustments for working capital changes: | | |
| Land and development expenditure | (242) | 2,729 |
| Inventories, biological assets and other intangible assets | (221,306) | (63,607) |
| Gross amounts due from/to customers | (37,260) | (2,062) |
| Receivables | (34,690) | (55,258) |
| Payables | 168,984 | 35,368 |
| Cash generated from operations | 295,334 | 287,095 |
| Tax paid | (76,725) | (62,211) |
| Net cash generated from operating activities | 218,609 | 224,884 |

CONTINUED

CONSOLIDATED STATEMENT
OF CASH FLOWS

| | Note | 2014 RM'000 | 2013 RM'000 |
|---|------|------------------|------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Surplus arising from liquidation of an associate | | 900 | - |
| Acquisition of equity interest in associates | | (31,775) | (129,749) |
| Proceeds from disposal of an associate | | 1,569 | - |
| Advances to associates | | (45,543) | (68,176) |
| Purchase of other investments | | (341) | - |
| Proceeds from disposal of other investments | | - | 24,034 |
| Purchase of property, plant and equipment | 44 | (180,106) | (207,728) |
| Purchase of investment properties, biological assets and other intangible assets | | (2,361) | (5,333) |
| Proceeds from disposal of property, plant and equipment and investment properties | | 42,620 | 26,516 |
| Return of capital from joint venture | | 5,533 | 3,735 |
| Dividends received from associates | | 234,667 | 184,650 |
| Dividends received from other investments | | 9,676 | 10,117 |
| Income received from short-term fund placements | | 10,800 | 2,764 |
| Interest received | | 17,757 | 25,880 |
| Rental received | | 3,460 | 3,417 |
| Net cash generated from/(used in) investing activities | | 66,856 | (129,873) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Shares issued to a non-controlling interest of a subsidiary | | - | 10,932 |
| Revolving credits, banker's acceptance and short-term loans | | 153,733 | 67,189 |
| Bank term loans | | (35,032) | (21,876) |
| Payment of hire purchase liabilities | | (45) | (40) |
| Advances from non-controlling interests of subsidiaries | | 18,440 | 28,970 |
| Interest paid | | (21,484) | (16,363) |
| Dividends paid to owners of the parent | | (284,520) | (248,955) |
| Dividends paid to non-controlling interests of subsidiaries | | (8,102) | (580) |
| Net cash used in financing activities | | (177,010) | (180,723) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 108,455 | (85,712) |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | | 964,252 | 1,049,694 |
| EFFECTS OF EXCHANGE RATE CHANGES | | 6,333 | 270 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | | 1,079,040 | 964,252 |
| Represented by: | | | |
| Cash and bank balances | | 254,549 | 170,162 |
| Deposits | | 423,066 | 498,348 |
| Short-term fund placements | | 401,696 | 296,481 |
| Bank overdrafts | | (271) | (739) |
| | | 1,079,040 | 964,252 |

The accompanying notes form an integral part of the financial statements

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

| | <i>Note</i> | 2014 RM'000 | 2013 RM'000 |
|----------------------------|-------------|------------------------------|------------------------------|
| Revenue | <i>3</i> | 311,530 | 247,336 |
| Cost of sales | <i>4</i> | (20,652) | (19,666) |
| Gross profit | | 290,878 | 227,670 |
| Other income | | 19,670 | 26,584 |
| Administrative expenses | | (25,368) | (56,746) |
| Profit before tax | <i>6</i> | 285,180 | 197,508 |
| Income tax expense | <i>7</i> | (2,403) | (6,512) |
| Profit for the year | | 282,777 | 190,996 |

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 RM'000 | 2013 RM'000 |
|--|------------------------------|------------------------------|
| Profit for the year | 282,777 | 190,996 |
| <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: | | |
| - (Losses)/Gains arising during the year | (143,759) | 50,485 |
| - Reclassification adjustments to profit or loss upon disposal of quoted investments | - | (4,386) |
| Total comprehensive income | 139,018 | 237,095 |

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

| | Note | 2014 RM'000 | 2013 RM'000 |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 2,629 | 3,062 |
| Investment properties | 10 | 312,836 | 316,751 |
| Investments in subsidiaries | 15 | 1,434,098 | 1,439,442 |
| Investments in associates | 16 | 8,782,287 | 8,758,360 |
| Other investments | 18 | 497,471 | 641,231 |
| Total non-current assets | | 11,029,321 | 11,158,846 |
| Current assets | | | |
| Trade receivables | 24 | 385 | 506 |
| Other receivables, deposits and prepayments | 25 | 3,601 | 1,523 |
| Amounts due from subsidiaries | 20 | 744 | 529 |
| Amounts due from associates | 26 | 4,809 | 4,364 |
| Current tax asset | | 172 | - |
| Deposits | 28 | 238,047 | 297,960 |
| Short-term fund placements | 29 | 299,582 | 255,908 |
| Cash and bank balances | | 2,982 | 5,869 |
| Total current assets | | 550,322 | 566,659 |
| TOTAL ASSETS | | 11,579,643 | 11,725,505 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 32 | 1,185,500 | 1,185,500 |
| Share premium | | 6,715 | 6,715 |
| Fair value reserve | | (234,792) | (91,033) |
| Retained earnings | | 10,603,238 | 10,604,981 |
| Total equity | | 11,560,661 | 11,706,163 |
| Non-current liability | | | |
| Deferred tax liabilities | 36 | 710 | 723 |
| Current liabilities | | | |
| Other payables and accruals | 38 | 13,119 | 13,094 |
| Amounts due to subsidiaries | 20 | 5,153 | 5,153 |
| Bank overdrafts | 40 | - | 209 |
| Current tax liabilities | | - | 163 |
| Total current liabilities | | 18,272 | 18,619 |
| Total liabilities | | 18,982 | 19,342 |
| TOTAL EQUITY AND LIABILITIES | | 11,579,643 | 11,725,505 |

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

| | <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 2013 | | 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 | 43 | - | - | - | (248,955) | (248,955) |
| At 31 December 2013 | | 1,185,500 | 6,715 | (91,033) | 10,604,981 | 11,706,163 |
| Other comprehensive loss | | - | - | (143,759) | - | (143,759) |
| Profit for the year | | - | - | - | 282,777 | 282,777 |
| Total comprehensive (loss)/income | | - | - | (143,759) | 282,777 | 139,018 |
| Dividends paid to shareholders of the Company | 43 | - | - | - | (284,520) | (284,520) |
| At 31 December 2014 | | 1,185,500 | 6,715 | (234,792) | 10,603,238 | 11,560,661 |

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

| | 2014 RM'000 | 2013 RM'000 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 285,180 | 197,508 |
| Adjustments for non-cash items: | | |
| Amortisation and depreciation | 7,347 | 7,449 |
| Property, plant and equipment and investment properties written off | 6 | 380 |
| Loss on disposal of property, plant and equipment | - | 20 |
| Bad and doubtful debts | (1) | 320 |
| Impairment of investments in subsidiaries | 5,344 | 24,497 |
| Impairment of investment in an associate | - | 10,243 |
| Surplus arising from liquidation of an associate | (25) | - |
| Gain on disposal of available-for-sale financial assets | - | (4,386) |
| Unrealised foreign exchange gain | (3) | (4) |
| Gain on recognition of loans and receivables | - | (490) |
| Dividend income | (274,492) | (212,177) |
| Income from short-term fund placements | (8,779) | (2,763) |
| Interest income | (9,821) | (17,953) |
| Operating profit before working capital changes | 4,756 | 2,644 |
| Adjustments for working capital changes: | | |
| Receivables | (278) | 342 |
| Payables | 22 | (1,457) |
| Cash generated from operations | 4,500 | 1,529 |
| Tax paid | (2,751) | (4,702) |
| Net cash generated from/(used in) operating activities | 1,749 | (3,173) |

CONTINUED**STATEMENT OF
CASH FLOWS**

| | <i>Note</i> | 2014 RM'000 | 2013 RM'000 |
|--|-------------|------------------------|------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 44 | (132) | (357) |
| Purchase of investment properties | | (2,873) | (16,324) |
| Proceeds from disposal of property, plant and equipment and investment properties | | - | 42 |
| Proceeds from disposal of investments | | - | 14,576 |
| Subscription of shares in an associate | | (25,419) | (27,381) |
| Subscription of redeemable preference shares of subsidiaries | | - | (46,672) |
| (Advances to)/Repayment from subsidiaries | | (216) | 53,888 |
| Advance to an associate | | (235) | (200) |
| Dividends received from subsidiaries | | 37,020 | 11,500 |
| Dividends received from associates | | 228,882 | 173,603 |
| Dividends received from other investments | | 8,590 | 9,908 |
| Income received from short-term fund placements | | 8,779 | 2,552 |
| Interest received | | 9,455 | 19,456 |
| Net cash generated from investing activities | | 263,851 | 194,591 |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Dividends paid | | (284,520) | (248,955) |
| Net cash used in financing activity | | (284,520) | (248,955) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (18,920) | (57,537) |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | | 559,528 | 617,061 |
| EFFECTS OF EXCHANGE RATE CHANGES | | 3 | 4 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | | 540,611 | 559,528 |
| Represented by: | | | |
| Cash and bank balances | | 2,982 | 5,869 |
| Deposits | | 238,047 | 297,960 |
| Short-term fund placements | | 299,582 | 255,908 |
| Bank overdrafts | | - | (209) |
| | | 540,611 | 559,528 |

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. GENERAL

The Company is a public company limited by way of shares incorporated in Malaysia under the Companies Act 1965. The Company is domiciled in Malaysia. The shares of the Company are listed on the Main Market of Bursa Malaysia Securities Berhad.

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 Amendments to FRSs and Issues Committee Interpretations ("IC Interpretation"), effective from financial periods beginning on or after 1 January 2014:

| | |
|-----------------------|---|
| Amendments to FRS 10 | Investment Entities |
| FRS 12 and FRS 127 | |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to FRS 136 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to FRS 139 | Novation of Derivative and Continuation of Hedge Accounting |
| IC Interpretation 21 | Leases |

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

2.3 Standards issued that are not yet effective

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

| Amendments to FRSs | | Effective for financial periods beginning on or after |
|--|---|---|
| Amendments to FRS 119 | Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Amendments to FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138 | Annual Improvements to FRSs 2010 - 2012 Cycle | 1 July 2014 |
| Amendments to FRS 3, FRS 13 and FRS 140 | Annual Improvements to FRSs 2011 - 2013 Cycle | 1 July 2014 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued that are not yet effective (continued)

| Amendments to FRSs | | Effective for financial periods beginning on or after |
|---|---|---|
| Amendments to FRS 116 and FRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 11 | Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 127 | Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 10 and FRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to FRS 5, FRS 7, FRS 119 and FRS 134 | Annual Improvements to FRSs 2012 – 2014 Cycle | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128 | Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| Amendments to FRS 101 | Disclosure Initiative | 1 January 2016 |

The above Amendments to FRSs are not expected to have any significant financial impact on the Group and the Company upon their initial application except for *Amendments to FRS 116* and *FRS 138* discussed as follows:

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to *FRS 116* prohibit the use of the revenue-based depreciation method for property, plant and equipment.

FRS 138 is amended to include a rebuttable presumption that the use of revenue-based methods to calculate the amortisation of intangible assets is not appropriate. This presumption, however, can be rebutted if:

- (i) An intangible asset is expressed as a measure of revenue; or
- (ii) The consumption of economic benefits of an intangible asset and revenue are highly correlated.

Currently, certain of the Group's intangible assets are amortised using a revenue-based method. The Company is currently assessing the impact of *Amendments to FRS 138*, and intends to adopt *Amendments to FRS 138* for the financial year ending 31 December 2016.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the MASB issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards ("MFRS"). MFRS was 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/or *IC Interpretation 15 Agreements for Construction of Real Estate*, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively). Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the MFRS.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued that are not yet effective (continued)

According to an announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in these financial statements for the year ended 31 December 2014 could be different if prepared in accordance with MFRS.

The Group and the Company will apply the following MFRSs and Amendments to MFRSs that have been issued by the MASB upon adoption of the MFRS framework:

New MFRSs and Amendments to MFRSs

| | |
|-------------------------------------|---------------------------------------|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |
| Amendments to MFRS 116 and MFRS 141 | Agriculture: Bearer Plants |

The above MFRSs and Amendments to MFRSs are not expected to have any significant financial impact on the Group and the Company upon their initial application except for *MFRS 9* and *MFRS 15* discussed as follows:

MFRS 9 – Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces *MFRS 139*. *MFRS 9* requires financial assets to be classified into two measurement categories, i.e. at fair value and 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 *MFRS 139* requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. *MFRS 9* contains a new impairment model based on expected losses (as opposed to the 'incurred loss' model under *MFRS 139*), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses. The Company is currently assessing *MFRS 9*'s full impact and intends to apply *MFRS 9* when it is effective.

MFRS 15 – Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. *MFRS 15* will replace *MFRS 111 Construction contracts*, *MFRS 118 Revenue*, *IC 15 Agreements for the Construction of Real Estate*, *IC 18 Transfers of Assets from Customers* and *IC 31 Revenue – Barter Transactions Involving Advertising Services*. The application of *MFRS 15* may result in a difference in timing of revenue recognition as compared with current accounting policies.

The Group has yet to assess the full impact on adoption of *MFRS 9* and *MFRS 15*, and intends to adopt these MFRSs no later than the accounting period beginning on or after 1 January 2017.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 Significant accounting estimates and judgements (continued)***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 debtor. If the financial condition of debtors 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 receivables at the end of the reporting period are disclosed in notes 24 to 26.

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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant accounting estimates and judgements (continued)***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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.6 Basis of consolidation (continued)**

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 a 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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.7 Associates and joint ventures (continued)**

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. The Group's share of an associates net asset changes, other than profit or loss or other comprehensive income and distribution received, is recognised in equity.

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.

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 equipmentMeasurement 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

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 and machinery | 5% - 12.5% | |
| 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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Investment properties (continued)**

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.11 Development properties (continued)**

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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.13 Intangible assets (continued)**

- (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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.14 Financial instruments (continued)****(b) Financial instrument categories and subsequent measurement (continued)***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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.14 Financial instruments (continued)****(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.14 Financial instruments (continued)****(d) Derivative financial instruments and hedging (continued)**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).

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 had 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income recognition (continued)

- (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.

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Foreign currencies (continued)****(b) Transactions and balances in foreign currencies (continued)**

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Impairment of non-financial assets (continued)

- (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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Impairment of financial assets (continued)**

(b) Available-for-sale financial assets (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****3. REVENUE**

| | Group | | Company | |
|--|------------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales of agricultural produce, food-based products and other goods | 3,087,551 | 2,747,104 | - | - |
| Contract revenue | 117,905 | 78,825 | - | - |
| Sale of development properties | 41,612 | 45,130 | - | - |
| Collections from cinema operations | 365,234 | 335,822 | - | - |
| Rental from leasing of investment properties | 39,913 | 38,556 | 37,038 | 35,159 |
| Waste management and other services rendered | 39,117 | 44,026 | - | - |
| Dividend income | 9,676 | 23,454 | 274,492 | 212,177 |
| | 3,701,008 | 3,312,917 | 311,530 | 247,336 |

Included in the rental from leasing of investment properties is contingent rental amounting to RM1.197 million (2013: RM1.018 million) for the Group and the Company.

4. COST OF SALES

| | Group | | Company | |
|------------------------------------|------------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Raw materials and consumables used | 1,940,744 | 1,748,700 | - | - |
| Finished goods purchased | 475,249 | 454,571 | - | - |
| Employee benefits expense | 134,017 | 118,856 | 4,658 | 4,522 |
| Depreciation and amortisation | 80,439 | 77,948 | 7,011 | 7,084 |
| Cost of film rights and rental | 133,184 | 125,922 | - | - |
| Rental of land and buildings | 44,030 | 37,527 | - | - |
| Others | 303,267 | 222,934 | 8,983 | 8,060 |
| | 3,110,930 | 2,786,458 | 20,652 | 19,666 |

CONTINUED

**NOTES TO THE
FINANCIAL STATEMENTS****5. FINANCE COSTS**

| | Group | |
|-----------------------------|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| <i>Interest expense on:</i> | | |
| Banker's acceptance | 5,749 | 3,707 |
| Revolving credits | 158 | 159 |
| Bank term loans | 15,324 | 9,725 |
| Bank overdrafts | 7 | 9 |
| Hire purchase | 3 | 5 |
| Others | 38 | 38 |
| | 21,279 | 13,643 |

6. PROFIT BEFORE TAX

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Profit before tax is stated after charging:</i> | | | | |
| Amortisation of other intangible assets | 14,229 | 14,571 | - | - |
| Auditors' remuneration | | | | |
| - current year | 1,033 | 1,012 | 80 | 80 |
| - underprovision in prior year | 4 | - | - | - |
| Bad and doubtful debts | 10,337 | 5,848 | 36 | 320 |
| Depreciation | | | | |
| - property, plant and equipment | 92,900 | 88,895 | 564 | 628 |
| - investment properties | 5,137 | 5,358 | 6,783 | 6,821 |
| - biological assets | 181 | 168 | - | - |
| Direct operating expenses | | | | |
| - revenue-generating investment properties | 23,531 | 23,557 | 23,369 | 22,770 |
| - non-revenue generating investment properties | 174 | 174 | 7 | 7 |
| Directors' remuneration | | | | |
| - Company's directors | | | | |
| - fees | 351 | 306 | 325 | 281 |
| - other emoluments | 7,069 | 6,591 | 4,881 | 4,662 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****6. PROFIT BEFORE TAX (CONTINUED)**

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - Subsidiaries' directors | | | | |
| - fees | 234 | 251 | - | - |
| - other emoluments | 11,324 | 10,991 | - | - |
| Foreign exchange loss | | | | |
| - realised | 6,027 | 4,420 | - | - |
| - unrealised | 13,666 | 57,611 | - | - |
| Fair value loss on | | | | |
| - derivative financial instruments | 11,662 | 4,371 | - | - |
| - financial assets at fair value through profit or loss | 787 | - | - | - |
| Loss on disposal | | | | |
| - property, plant and equipment | 5,221 | 93 | - | 20 |
| - available-for-sale financial assets | - | 469 | - | - |
| Impairment | | | | |
| - investment property | - | 134 | - | - |
| - investments in subsidiaries | - | - | 5,344 | 24,497 |
| - investment in an associate | - | - | - | 10,243 |
| Impairment of goodwill | 739 | - | - | - |
| Operating leases | | | | |
| - minimum lease payments for land and buildings | 33,817 | 31,470 | 808 | 773 |
| - minimum lease payments for equipment | 745 | 887 | - | - |
| - contingent rent | 12,645 | 9,376 | - | - |
| Assets written off | | | | |
| - property, plant and equipment | 1,130 | 5,086 | 1 | 37 |
| - investment properties | 5 | 343 | 5 | 343 |
| - other intangible assets | 3 | 7 | - | - |
| Inventories written down | 6,464 | 367 | - | - |
| Deficit arising from liquidation of an associate | 506 | - | - | - |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX (CONTINUED)

| | Group | | Company | |
|---|--------|--------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>and crediting:</i> | | | | |
| Gross dividends from unquoted subsidiaries | | | | |
| in Malaysia | - | - | 37,020 | 15,334 |
| Gross dividends from associates | | | | |
| - quoted outside Malaysia | - | - | 227,182 | 160,477 |
| - unquoted in Malaysia | - | - | 1,700 | 13,126 |
| Gross dividends from other investments | | | | |
| - quoted in Malaysia | 4,327 | 4,267 | 4,200 | 4,200 |
| - quoted outside Malaysia | 5,349 | 19,187 | 4,390 | 19,040 |
| Interest income | 18,222 | 25,401 | 9,821 | 17,953 |
| Income from short-term fund placements | 10,800 | 2,975 | 8,779 | 2,763 |
| Rental income | 3,460 | 3,417 | - | - |
| Allowance for doubtful debts written back | 1,159 | 684 | 37 | - |
| Bad debt recovered | 197 | 3 | - | - |
| Impairment written back | | | | |
| - property, plant and equipment | 759 | 301 | - | - |
| - investment property | 44 | 32 | - | - |
| Foreign exchange gain | | | | |
| - realised | 9,106 | 10,912 | - | - |
| - unrealised | 14,505 | 7,820 | 3 | 4 |
| Fair value gain | | | | |
| - financial assets at fair value through profit or loss | - | 196 | - | - |
| - derivative financial instruments | 18,653 | 34,293 | - | - |
| Gain on recognition of loans and receivables | - | - | - | 490 |
| Surplus arising from liquidation of an associate | - | - | 25 | - |
| Gain on disposal | | | | |
| - associate | 1,569 | - | - | - |
| - available-for-sale financial assets | - | 15,649 | - | 4,386 |
| - property, plant and equipment | 1,070 | 399 | - | - |
| - investment properties | 2,107 | 1,174 | - | - |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****6. PROFIT BEFORE TAX (CONTINUED)**

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

| | Group | | Company | |
|-------------------------|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Company's directors | 120 | 112 | 72 | 69 |
| Subsidiaries' directors | 117 | 194 | - | - |

7. INCOME TAX EXPENSE

| | Group | | Company | |
|-------------------------------------|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian taxation | | | | |
| Current | 79,038 | 62,471 | 2,455 | 8,343 |
| Deferred | 5,814 | (1,055) | 17 | 26 |
| | 84,852 | 61,416 | 2,472 | 8,369 |
| Foreign taxation | | | | |
| Current | 1,721 | 2,056 | - | - |
| Deferred | 3,804 | 9,138 | - | - |
| | 90,377 | 72,610 | 2,472 | 8,369 |
| Under/(Over)provision in prior year | | | | |
| Malaysian taxation | | | | |
| Current | 401 | (1,667) | (39) | 30 |
| Deferred | (1,551) | (849) | (30) | (1,887) |
| Foreign taxation | | | | |
| Current | - | 2,378 | - | - |
| Deferred | - | 6 | - | - |
| | 89,227 | 72,478 | 2,403 | 6,512 |

The statutory tax rate applicable to the Company is 25% (2013: 25%).

CONTINUED

**NOTES TO THE
FINANCIAL STATEMENTS****7. INCOME TAX EXPENSE (CONTINUED)**

The difference between provision for taxation and 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, is analysed as follows:

| | Group | | Company | |
|--|----------------|---------------|-----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Accounting profit | 304,002 | 273,885 | 285,180 | 197,508 |
| Taxation at applicable tax rate | 73,846 | 67,461 | 71,295 | 49,377 |
| <i>Tax effect arising from:</i> | | | | |
| Non-taxable income | | | | |
| - exempt dividends | (2,343) | (5,851) | (68,623) | (49,211) |
| - income from short-term fund placements | (2,700) | (744) | (2,195) | (691) |
| - gain on disposal of land and buildings | (527) | (294) | - | - |
| - gain on disposal of an associate | (392) | - | - | - |
| - fair value gain on financial assets at fair value through profit or loss | - | (32) | - | - |
| - gain on disposal of available-for-sale financial assets | - | (3,912) | - | (1,097) |
| - realised foreign exchange gain | (2,644) | (4,052) | - | - |
| - surplus arising from liquidation of an associate | - | - | (6) | - |
| - others | (3,518) | (2,536) | (1) | (124) |
| Expenses eligible for double deduction | (443) | (343) | - | - |
| Non-deductible expenses | | | | |
| - impairment of subsidiaries | - | - | 1,336 | 6,124 |
| - impairment of an associate | - | - | - | 2,561 |
| - impairment of goodwill | 185 | - | - | - |
| - unrealised loss on derivative financial instruments | 1,677 | - | - | - |
| - fair value loss on financial assets at fair value through profit or loss | 130 | - | - | - |
| - deficit arising from liquidation of an associate | 127 | - | - | - |
| - loss on disposal of property, plant and equipment | 1,305 | 23 | - | 5 |
| - loss on disposal of available-for-sale financial assets | - | 117 | - | - |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE (CONTINUED)

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - property, plant and equipment written off | 283 | 1,280 | 2 | 9 |
| - inventories written down | 1,616 | 92 | - | - |
| - allowance for doubtful debts | 2,430 | 1,447 | 8 | 65 |
| - others | 12,243 | 6,995 | 656 | 1,351 |
| Utilisation of reinvestment allowance | (1,499) | (118) | - | - |
| Utilisation of previously unrecognised tax losses | (153) | - | - | - |
| Withholding tax on undistributed profits of foreign associates | 1,862 | 9,983 | - | - |
| Reversal of deferred tax liability upon disposal of an investment property | (73) | (3,986) | - | - |
| Deferred tax assets not recognised | 8,965 | 7,080 | - | - |
| Overprovision in prior year | (1,150) | (132) | (69) | (1,857) |
| | 89,227 | 72,478 | 2,403 | 6,512 |

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 | |
|---|------------------|-----------|
| | 2014 | 2013 |
| Attributable to owners of the parent (RM'000) | 916,779 | 982,573 |
| Number of ordinary shares in issue ('000) | 1,185,500 | 1,185,500 |
| Basic earnings per share attributable to owners of the parent (sen) | 77.3 | 82.9 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

| Group Cost/Valuation | Land and buildings | | | Plant and machinery | Motor vehicles and vessel | Furniture, fittings, office and other equipment | Capital work-in- progress | Total |
|--|--------------------|-------------------|--------------------|---------------------------|---------------------------------|--|---------------------------------|-----------|
| | Freehold | Long leasehold | Short leasehold | | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | | | | | | |
| At 1.1.2014 | 188,326 | 280,307 | 387,606 | 701,231 | 126,350 | 117,481 | 165,541 | 1,966,842 |
| Additions | 1,560 | 8,081 | 17,878 | 32,207 | 11,341 | 14,127 | 97,890 | 183,084 |
| Disposals | - | - | - | (5,254) | (60,905) | (226) | - | (66,385) |
| Exchange differences | - | - | 5,838 | 6,319 | (5,573) | 160 | 6,798 | 13,542 |
| Write-offs | - | (4) | (2,608) | (5,219) | (407) | (2,272) | (232) | (10,742) |
| Reclassifications | 19 | 7,586 | 46,278 | 80,541 | - | 2,079 | (136,503) | - |
| Transfer to non-current assets held for sale | - | - | - | (545) | - | - | - | (545) |
| Transfer (to)/from investment properties | (2,844) | 1,117 | - | - | - | - | - | (1,727) |
| Transfer to other intangible assets | - | - | - | - | - | (6) | - | (6) |
| At 31.12.2014 | 187,061 | 297,087 | 454,992 | 809,280 | 70,806 | 131,343 | 133,494 | 2,084,063 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Land and buildings | | | Plant and machinery | Motor vehicles and vessel | Furniture, fittings, office and other equipment | Capital work-in-progress | Total |
|--|--------------------|-----------------------|------------------------|---------------------|---------------------------|---|--------------------------|------------------|
| | Freehold RM'000 | Long leasehold RM'000 | Short leasehold RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | | |
| Accumulated depreciation | | | | | | | | |
| At 1.1.2014 | 60,743 | 59,080 | 156,768 | 363,915 | 55,221 | 72,931 | - | 768,658 |
| Charge for the year | 4,159 | 6,939 | 23,058 | 39,710 | 7,924 | 11,110 | - | 92,900 |
| Disposals | - | - | - | (5,225) | (30,531) | (110) | - | (35,866) |
| Exchange differences | - | - | 1,182 | 3,824 | (1,770) | 117 | - | 3,353 |
| Write-offs | - | - | (2,608) | (4,442) | (407) | (2,155) | - | (9,612) |
| Reclassifications | - | 1,306 | (1,306) | - | - | - | - | - |
| Transfer to non-current assets held for sale | - | - | - | (209) | - | - | - | (209) |
| Transfer (to)/from investment properties | (1,105) | 217 | - | - | - | - | - | (888) |
| At 31.12.2014 | 63,797 | 67,542 | 177,094 | 397,573 | 30,437 | 81,893 | - | 818,336 |
| Accumulated impairment losses | | | | | | | | |
| At 1.1.2014 | 476 | - | 523 | 759 | - | 430 | - | 2,188 |
| Impairment written back | - | - | - | (759) | - | - | - | (759) |
| At 31.12.2014 | 476 | - | 523 | - | - | 430 | - | 1,429 |
| Net book value at 31.12.2014 | 122,788 | 229,545 | 277,375 | 411,707 | 40,369 | 49,020 | 133,494 | 1,264,298 |
| - cost | 122,788 | 229,319 | 277,375 | 411,707 | 40,369 | 49,020 | 133,494 | 1,264,072 |
| - valuation | - | 226 | - | - | - | - | - | 226 |
| | 122,788 | 229,545 | 277,375 | 411,707 | 40,369 | 49,020 | 133,494 | 1,264,298 |

CONTINUED

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 leasehold RM'000 | Short leasehold 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 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM0.701 million (2013: RM2.211 million).

Property, plant and equipment of the Group with net book value of approximately RM187.738 million (2013: RM186.561 million) has been charged to secure the long-term bank loan referred to in note 34.

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.

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Motor vehicles RM'000 | Furniture, fittings, office and other equipment RM'000 | Total RM'000 |
|-------------------------------------|-----------------------------|--|-----------------|
| Company | | | |
| Cost | | | |
| At 1.1.2014 | 1,765 | 3,573 | 5,338 |
| Additions | - | 132 | 132 |
| Write-offs | - | (7) | (7) |
| At 31.12.2014 | 1,765 | 3,698 | 5,463 |
| Accumulated depreciation | | | |
| At 1.1.2014 | 453 | 1,823 | 2,276 |
| Charge for the year | 133 | 431 | 564 |
| Write-offs | - | (6) | (6) |
| At 31.12.2014 | 586 | 2,248 | 2,834 |
| Net book value at 31.12.2014 | 1,179 | 1,450 | 2,629 |
| 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 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

10. INVESTMENT PROPERTIES

| | Group | | Company | |
|--|----------------|----------|----------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost/Valuation | | | | |
| At 1 January | 312,682 | 325,429 | 337,212 | 321,238 |
| Additions | 423 | 3,301 | 2,873 | 16,324 |
| Disposals | (694) | (15,698) | - | - |
| Write-offs | (18) | (350) | (12) | (350) |
| Transfer from property, plant and equipment | 1,727 | - | - | - |
| Transfer to non-current assets held for sale | (8,165) | - | - | - |
| At 31 December | 305,955 | 312,682 | 340,073 | 337,212 |
| Accumulated depreciation | | | | |
| At 1 January | 101,568 | 96,283 | 16,439 | 9,625 |
| Charge for the year | 5,137 | 5,358 | 6,783 | 6,821 |
| Disposals | (272) | (66) | - | - |
| Write-offs | (13) | (7) | (7) | (7) |
| Transfer from property, plant and equipment | 888 | - | - | - |
| Transfer to non-current assets held for sale | (1,887) | - | - | - |
| At 31 December | 105,421 | 101,568 | 23,215 | 16,439 |
| Accumulated impairment losses | | | | |
| At 1 January | 7,024 | 6,922 | 4,022 | 4,022 |
| Charge for the year | - | 134 | - | - |
| Write back | (44) | (32) | - | - |
| Transfer to non-current assets held for sale | (2,069) | - | - | - |
| At 31 December | 4,911 | 7,024 | 4,022 | 4,022 |
| Net book value at 31 December | 195,623 | 204,090 | 312,836 | 316,751 |
| - cost | 189,566 | 198,033 | 312,836 | 316,751 |
| - valuation | 6,057 | 6,057 | - | - |
| | 195,623 | 204,090 | 312,836 | 316,751 |
| Fair value at 31 December | 732,188 | 689,863 | 437,909 | 401,040 |

NOTES TO THE
FINANCIAL STATEMENTS**10. INVESTMENT PROPERTIES (CONTINUED)**

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.

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 | |
|---|--------|--------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Plantation development expenditure <i>(included under non-current assets)</i> | | |
| Cost | | |
| At 1 January | 4,884 | 4,599 |
| Additions | 456 | 285 |
| At 31 December | 5,340 | 4,884 |
| Accumulated depreciation | | |
| At 1 January | 2,007 | 1,839 |
| Charge for the year | 181 | 168 |
| At 31 December | 2,188 | 2,007 |
| Net book value at 31 December | 3,152 | 2,877 |
| Biological assets <i>(included under current assets)</i> | | |
| Livestock at cost/net realisable value | 19,312 | 17,370 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****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 2014 | 4,513 | 263 | 12,400 | 17,176 |
| Additions | - | - | 2,094 | 2,094 |
| At 31 December 2014 | 4,513 | 263 | 14,494 | 19,270 |
| 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 |

13. GOODWILL

| | Group | |
|------------------------|------------------------|------------------------|
| | 2014 RM'000 | 2013 RM'000 |
| Cost | | |
| At 1 January | 74,615 | 74,615 |
| Impairment of goodwill | (739) | - |
| At 31 December | 73,876 | 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 | |
|---|------------------------|------------------------|
| | 2014 RM'000 | 2013 RM'000 |
| Film exhibition and distribution | 70,233 | 70,233 |
| Environmental engineering, waste management and utilities | 2,599 | 3,338 |
| Chemicals trading and manufacturing | 290 | 290 |
| Other operations | 754 | 754 |
| | 73,876 | 74,615 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**13. GOODWILL (CONTINUED)**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 12.73% (2013: 12.59%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 15.11% (2013: 12.48%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

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

The recoverable amounts of the CGU of environmental engineering, waste management and utilities, chemicals trading and manufacturing, and other operations are determined by value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by management. The cash flows beyond the five-year period are extrapolated using weighted average growth rates between 1.00% to 10.00% (2013: between 2.00% to 12.00%) p.a., based on the long-term average growth rate of the respective industries. Pre-tax discount rates between 6.95% to 12.94% (2013: between 4.89% to 12.69%) 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**Computer software***(included under non-current assets)*

Cost

| | Group | |
|--|--------|--------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| At 1 January | 12,036 | 10,506 |
| Additions | 1,482 | 1,748 |
| Write-offs | (141) | (166) |
| Transfer from/(to) property, plant and equipment | 6 | (42) |
| Exchange differences | 11 | (10) |
| At 31 December | 13,394 | 12,036 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****14. OTHER INTANGIBLE ASSETS (CONTINUED)**

| | Group | |
|---|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Accumulated amortisation | | |
| At 1 January | 9,340 | 8,480 |
| Charge for the year | 1,213 | 1,039 |
| Write-offs | (138) | (159) |
| Transfer to property, plant and equipment | - | (11) |
| Exchange differences | 8 | (9) |
| At 31 December | 10,423 | 9,340 |
| Carrying amount as at 31 December | 2,971 | 2,696 |
| Film rights | | |
| <i>(included under current assets)</i> | | |
| Cost | | |
| At 1 January | 68,922 | 61,826 |
| Additions | 11,814 | 13,853 |
| Rights expired | (4,842) | (6,757) |
| At 31 December | 75,894 | 68,922 |
| Accumulated amortisation | | |
| At 1 January | 56,965 | 50,190 |
| Charge for the year | 13,016 | 13,532 |
| Rights expired | (4,842) | (6,757) |
| At 31 December | 65,139 | 56,965 |
| Carrying amount as at 31 December | 10,755 | 11,957 |

15. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|--|----------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Unquoted shares at cost | 1,463,939 | 1,463,939 |
| Impairment loss on unquoted shares at cost | (29,841) | (24,497) |
| | 1,434,098 | 1,439,442 |

The subsidiaries are listed in note 54.

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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.

16. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Shares quoted outside Malaysia at cost | 8,080,369 | 8,080,369 | 8,684,629 | 8,684,629 |
| Unquoted shares at cost | 341,718 | 315,967 | 97,683 | 83,999 |
| | 8,422,087 | 8,396,336 | 8,782,312 | 8,768,628 |
| Impairment loss on unquoted shares | - | (4,705) | (25) | (10,268) |
| Group's share of post-acquisition reserves | 5,379,131 | 4,236,521 | - | - |
| | 13,801,218 | 12,628,152 | 8,782,287 | 8,758,360 |
| Market value of quoted shares | 10,048,314 | 10,408,042 | 10,048,314 | 10,408,042 |

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM328,000 and RM969,000 (2013: RM434,000 and RM641,000), 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:

Wilmar International Ltd

| | 2014 | 2013 |
|----------------------------|--------------|--------------|
| | RM'000 | RM'000 |
| Non-current assets | 65,126,755 | 60,296,545 |
| Current assets | 85,840,796 | 91,556,842 |
| Non-current liabilities | (27,837,723) | (24,839,872) |
| Current liabilities | (67,218,758) | (76,264,975) |
| Net assets | 55,911,070 | 50,748,540 |
| Revenue | 141,150,359 | 139,718,594 |
| Profit for the year | 3,825,908 | 4,188,781 |
| Other comprehensive loss | (944,169) | (1,278,863) |
| Total comprehensive income | 2,881,739 | 2,909,918 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****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:

| | 2014 | 2013 |
|--|-------------------|---------------|
| | RM'000 | RM'000 |
| Net assets | 55,911,070 | 50,748,540 |
| Proportion of ownership interest held by the Group | 18.3% | 18.3% |
| Group's share of net assets | 10,254,090 | 9,297,133 |
| Goodwill | 3,598,298 | 3,379,505 |
| Other adjustments | | |
| - Non-controlling interests' share of associate's net assets | (588,147) | (531,361) |
| - Others | (19,239) | (12,806) |
| Carrying amount of the Group's interest in the associate | 13,245,002 | 12,132,471 |

The Group has received dividends from Wilmar International Ltd for the current year amounting to RM227.182 million (2013: RM160.477 million).

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

| | 2014 | 2013 |
|--|----------------|---------------|
| | RM'000 | RM'000 |
| Profit for the year | 52,146 | 21,912 |
| Other comprehensive income/(losses) | 6,605 | (3,813) |
| Total comprehensive income | 58,751 | 18,099 |
| Carrying amount of the Group's interests in associates | 556,216 | 495,681 |

The associates are listed in note 55.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

17. INVESTMENT IN JOINT VENTURE

| | Group | |
|--|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Capital contribution, at cost | - | 7,325 |
| Group's share of post-acquisition reserves | 58,477 | 50,043 |
| | 58,477 | 57,368 |

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

| | 2014 | 2013 |
|---|--------------|--------------|
| | RM'000 | RM'000 |
| Profit for the year | 4,646 | 3,870 |
| Total comprehensive income for the year | 4,646 | 3,870 |

The joint venture is listed in note 56.

18. OTHER INVESTMENTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Classified as available-for-sale financial assets</u> | | | | |
| Shares quoted in Malaysia at market value | 175,738 | 253,842 | 169,400 | 247,800 |
| Shares quoted outside Malaysia at market value | 337,095 | 405,188 | 327,805 | 393,165 |
| Unquoted shares at cost | 427 | 427 | 266 | 266 |
| | 513,260 | 659,457 | 497,471 | 641,231 |
| <u>Classified as financial assets at fair value through profit or loss</u> | | | | |
| Shares quoted outside Malaysia at market value | 412 | 1,177 | - | - |
| | 513,672 | 660,634 | 497,471 | 641,231 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

19. DEFERRED TAX ASSETS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| At 1 January | 7,683 | 5,918 | - | - |
| Exchange translation differences | 13 | (56) | - | - |
| (Reversal)/Originating during the year | (1,915) | 1,821 | - | - |
| At 31 December | 5,781 | 7,683 | - | - |

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 | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Tax effects of | | | | |
| - Unabsorbed tax losses | 3,173 | 9,906 | - | - |
| - Unabsorbed capital allowances | 5,224 | 7,062 | - | - |
| - Excess of capital allowances over accumulated depreciation on property, plant and equipment | (2,616) | (9,285) | - | - |
| | 5,781 | 7,683 | - | - |

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 | |
|---|----------------|----------------|----------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Unabsorbed tax losses | 89,869 | 87,442 | 11,302 | 18,199 |
| Unabsorbed capital allowances | 91,730 | 78,180 | - | - |
| Unutilised investment tax allowances | - | 872 | - | - |
| Excess of capital allowances over accumulated depreciation on property, plant and equipment | (42,321) | (33,630) | - | - |
| | 139,278 | 132,864 | 11,302 | 18,199 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**20. AMOUNTS DUE FROM/TO SUBSIDIARIES**Amount due from subsidiaries included under current assets

The amounts due from subsidiaries included under current assets are non-trade, interest-free, unsecured and repayable on demand.

Amounts due to subsidiaries included under current liabilities

The amounts due to subsidiaries included under current liabilities are non-trade, interest-free, unsecured and repayable on demand.

21. INVENTORIES

| | Group | |
|----------------------------------|----------------|----------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Raw materials | 590,856 | 378,036 |
| Work-in-progress | 4,743 | 7,719 |
| Finished goods | 99,395 | 100,802 |
| Completed development properties | 4,417 | 1,748 |
| Sundry stores and consumables | 19,196 | 20,188 |
| | 718,607 | 508,493 |

The amount of inventories carried at net realisable value is RM13.102 million (2013: RM7.081 million).

22. PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Freehold land - at cost | 6,967 | 3,927 |
| - at valuation | 748 | 748 |
| Development and construction costs | 15,450 | 24,663 |
| At 1 January | 23,165 | 29,338 |
| Development costs incurred during the year | 20,102 | 18,817 |
| Cost recognised in income statement during the year | (17,537) | (27,959) |
| Transferred from land held for property development | - | 3,040 |
| Transferred to inventories | (4,417) | (71) |
| At 31 December | 21,313 | 23,165 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

| | Group | |
|---|-----------|-----------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Aggregate contract expenditure incurred to-date | 628,188 | 526,837 |
| Attributable profit recognised to-date | 82,343 | 69,557 |
| | 710,531 | 596,394 |
| Progress billings to-date | (657,507) | (580,630) |
| | 53,024 | 15,764 |
| Gross amount due from customers | 53,281 | 20,035 |
| Gross amount due to customers | (257) | (4,271) |
| | 53,024 | 15,764 |
| Progress billings comprise: | | |
| Progress billings | | |
| - received | 637,366 | 562,383 |
| - receivable | 11,202 | 5,495 |
| Retention sums | 8,939 | 12,752 |
| | 657,507 | 580,630 |

24. TRADE RECEIVABLES

| | Group | | Company | |
|------------------------------|----------|----------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | 468,904 | 485,314 | 411 | 580 |
| Allowance for doubtful debts | (12,961) | (11,878) | (26) | (74) |
| | 455,943 | 473,436 | 385 | 506 |

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

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS**25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

| | Group | | Company | |
|------------------------------|---------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sundry receivables | 115,178 | 58,742 | 1,965 | 439 |
| Allowance for doubtful debts | (261) | (338) | (261) | (261) |
| | 114,917 | 58,404 | 1,704 | 178 |
| Interest receivables | 1,590 | 1,124 | 1,367 | 875 |
| Deposits | 18,702 | 14,187 | 402 | 345 |
| Prepayments | 6,275 | 4,620 | 128 | 125 |
| | 141,484 | 78,335 | 3,601 | 1,523 |

26. AMOUNTS DUE FROM/TO ASSOCIATESAmounts 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 | |
|--|---------|---------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade balances | 240 | 469 | - | - |
| Non-trade balances | | | | |
| - Interest bearing ranging from 0.73% to 4.72% (2013: 0.71% to 4.32%) p.a. | 28,017 | 93,961 | 4,809 | 4,364 |
| - Interest-free | 119,608 | 3,248 | - | - |
| | 147,865 | 97,678 | 4,809 | 4,364 |
| Allowance for doubtful debts | (9,261) | (3,798) | - | - |
| | 138,604 | 93,880 | 4,809 | 4,364 |

The trade balances are expected to be settled within the normal credit periods. The non-trade balances 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.

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

27. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

| | Group | |
|---|-----------------|----------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Assets designated at fair value through profit or loss | | |
| - Forward contracts | 66 | 351 |
| - Futures and options contracts | 11,974 | 4,912 |
| | 12,040 | 5,263 |
| Liabilities designated at fair value through profit or loss | | |
| - Forward contracts | - | (28) |
| - Futures and options contracts | (17,269) | (6,320) |
| | (17,269) | (6,348) |

28. DEPOSITS

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits with licensed banks | | | | |
| - in Malaysia | 391,631 | 446,671 | 238,047 | 297,960 |
| - outside Malaysia | 31,435 | 51,677 | - | - |
| | 423,066 | 498,348 | 238,047 | 297,960 |

The effective interest rates range from 0.17% to 10.00% (2013: 0.17% to 10.00%) p.a.. All the deposits have maturities of less than one year.

29. 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 of the short-term fund for the year range from 2.15% to 4.50% (2013: 3.05% to 3.60%) p.a..

30. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM56.1 million (2013: RM25.7 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% to 2.15% (2013: 2%) p.a..

CONTINUED

**NOTES TO THE
FINANCIAL STATEMENTS****31. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

Non-current assets held for sale:

| | Group | |
|-----------------------------|---------|--------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| At cost | 8,710 | - |
| Accumulated depreciation | (2,096) | - |
| Accumulated impairment loss | (2,069) | - |
| Net book value | 4,545 | - |

Liabilities directly associated with non-current assets held for sale:

| | Group | |
|--------------------------|--------|--------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Deferred tax liabilities | 854 | - |

The non-current assets held for sale and liabilities directly associated with the non-current assets held for sale include the following:

- (i) Disposal of certain investment properties for a consideration of RM4.0 million pursuant to a sales and purchase agreement entered into on 27 August 2014 by a subsidiary. The disposal was completed in March 2015.
- (ii) Disposal of a freehold land and building for a consideration of RM0.7 million pursuant to a resolution passed on 5 September 2014 by a subsidiary. The disposal was completed in January 2015.
- (iii) Intent to dispose of plant and machinery that are no longer in use in the ordinary course of business of a subsidiary.

32. SHARE CAPITAL

| | ← 2014 → | | ← 2013 → | |
|-----------------------------|-----------------------------|-----------|-----------------------------|-----------|
| | 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 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

33. OTHER NON-DISTRIBUTABLE RESERVES

| | Group | |
|------------------------------|----------------|----------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Revaluation reserve | 44,668 | 45,131 |
| Exchange translation reserve | 258,819 | (294,411) |
| Fair value reserve | 89,626 | 236,187 |
| Hedge reserve | 76,897 | (23,923) |
| Capital reserve | 268,978 | 246,700 |
| | 738,988 | 209,684 |

Details of the capital reserve are as follows:

| | Group | |
|---|----------------|----------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Share of capital reserves of associates | 245,305 | 223,027 |
| 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 |
| | 268,978 | 246,700 |

34. LONG-TERM BANK BORROWINGS

| | Group | |
|--|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Secured: | | |
| United States Dollar-denominated loans bearing interest ranging from 1.25% to 2.25% p.a. above SIBOR (effective interest rate: 2.25% to 3.50% (2013: 2.49% to 3.50%) p.a.) repayable in full between 2015 and 2018 (<i>note 9</i>) | 84,036 | 109,102 |
| Repayments due within the next 12 months included under short-term borrowings (<i>note 39</i>) | (22,052) | (19,445) |
| Repayments due after 12 months | 61,984 | 89,657 |

The bank term loans are repayable as follows:

| | | |
|---|---------------|----------------|
| - within one year (<i>included under current liabilities</i>) | 22,052 | 19,445 |
| - later than one year but not later than five years | 61,984 | 89,657 |
| | 84,036 | 109,102 |

CONTINUED

**NOTES TO THE
FINANCIAL STATEMENTS****35. HIRE PURCHASE LIABILITIES**

| | Group | |
|---|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Outstanding hire purchase instalments due: | | |
| - within one year | 36 | 49 |
| - later than one year but not later than five years | 6 | 42 |
| | 42 | 91 |
| Unexpired term charges | (1) | (5) |
| Outstanding principal amount due | 41 | 86 |
| Outstanding principal amount due as follows: | | |
| - within one year (<i>included under current liabilities</i>) | 35 | 45 |
| - later than one year but not later than five years | 6 | 41 |
| | 41 | 86 |

The effective interest rates of the hire purchase liabilities for the year range from 4.78% to 6.17% (2013: 4.78% to 6.17%) p.a..

36. DEFERRED TAX LIABILITIES

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 79,984 | 70,923 | 723 | 2,584 |
| Exchange translation differences | 30 | - | - | - |
| Transfer to liabilities directly associated with non-current assets classified as held for sale | (854) | - | - | - |
| Originating/(Reversal) during the year | 6,153 | 9,061 | (13) | (1,861) |
| At 31 December | 85,313 | 79,984 | 710 | 723 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

36. DEFERRED TAX LIABILITIES (CONTINUED)

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

| | Group | | Company | |
|---|---------------|---------------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax effects of | | | | |
| - Excess of capital allowances over accumulated depreciation on property, plant and equipment | 72,119 | 59,251 | 710 | 723 |
| - Surplus on revaluation of land and buildings | 10,385 | 12,063 | - | - |
| - Unabsorbed tax losses | (6,107) | - | - | - |
| - Other temporary differences | 8,916 | 8,670 | - | - |
| | 85,313 | 79,984 | 710 | 723 |

37. 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.

38. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unpaid property, plant and equipment (note 44) | 23,447 | 16,557 | - | - |
| Interest accrued | 1,296 | 799 | - | - |
| Other payables | 100,058 | 76,516 | 29 | 178 |
| Accruals | 76,062 | 57,206 | 4,143 | 4,068 |
| Tenants and other deposits | 12,008 | 14,925 | 8,947 | 8,848 |
| | 212,871 | 166,003 | 13,119 | 13,094 |

Included in other payables is an amount of RM57.248 million (2013: RM35.493 million) due to non-controlling interests in subsidiaries. This amount represents unsecured advances bearing interest from 3.00% to 3.50% (2013: 3.00% to 3.50%) p.a. which are repayable on demand.

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**NOTES TO THE
FINANCIAL STATEMENTS****39. SHORT-TERM BORROWINGS**

| | Group | |
|--|----------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Unsecured: | | |
| Banker's acceptance | 188,283 | 126,459 |
| Revolving credits | 2,550 | 5,737 |
| Short-term bank loans | 278,404 | 177,430 |
| | 469,237 | 309,626 |
| Secured: | | |
| Current portion of long-term bank loans (<i>note 34</i>) | 22,052 | 19,445 |
| | 491,289 | 329,071 |

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

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

| | Group | |
|-----------------------|---------------------|---------------|
| | 2014 | 2013 |
| | % p.a. | % p.a. |
| Banker's acceptance | 2.60 - 4.31 | 3.30 - 3.73 |
| Revolving credits | 4.89 - 5.07 | 4.56 - 6.55 |
| Short-term bank loans | 0.57 - 10.30 | 2.00 - 10.05 |

40. BANK OVERDRAFTS

| | Group | | Company | |
|---------------------------|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unsecured bank overdrafts | 271 | 739 | - | 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 7.85% (2013: between 6.60% and 8.10%) p.a..

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

41. EFFECT OF CHANGES IN GROUP STRUCTURE

Effect of changes in equity interest in an associate

- Exchange translation reserve
- Retained earnings

| Group | |
|---------------|----------------|
| 2014 | 2013 |
| RM'000 | RM'000 |
| - | (92) |
| 10,541 | (6,532) |
| 10,541 | (6,624) |

42. 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.

43. DIVIDENDS

In respect of the financial year ended 31 December 2012

Final single tier dividend of 13 sen per share

In respect of the financial year ended 31 December 2013

Interim single tier dividend of 8 sen per share

Final single tier dividend of 17 sen per share

In respect of the financial year ended 31 December 2014

Interim single tier dividend of 7 sen per share

| Company | |
|----------------|----------------|
| 2014 | 2013 |
| RM'000 | RM'000 |
| - | 154,115 |
| - | 94,840 |
| 201,535 | - |
| 201,535 | 94,840 |
| - | - |
| 82,985 | - |
| 284,520 | 248,955 |

Subsequent to the financial year end, the Directors recommended the payment of a final single tier dividend of 16 sen per share amounting to RM189.680 million subject to shareholders' approval at the forthcoming Annual General Meeting.

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NOTES TO THE
FINANCIAL STATEMENTS

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | Group | | Company | |
|---|----------|----------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment (<i>note 9</i>) | 183,084 | 218,609 | 132 | 357 |
| Interest expense capitalised | (701) | (2,211) | - | - |
| Hire purchase capitalised | - | (100) | - | - |
| Deposits paid in prior year | (1,283) | (2,697) | - | - |
| Deposits paid in current year | 5,896 | 1,283 | - | - |
| Cash paid in respect of prior year acquisition | 16,557 | 9,401 | - | - |
| Unpaid balances included under other payables (<i>note 38</i>) | (23,447) | (16,557) | - | - |
| Cash paid during the financial year | 180,106 | 207,728 | 132 | 357 |

45. RELATED PARTY DISCLOSURES

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

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Transactions with subsidiaries</i> | | | | |
| Interest received and receivable | - | - | - | 1,570 |
| Rental received | - | - | 1,310 | 1,305 |
| <i>Transactions with associates</i> | | | | |
| Management fees received | 944 | 961 | - | - |
| Purchase of goods | 5,547 | 5,809 | - | - |
| Film rental received | 896 | 1,131 | - | - |
| <i>Transactions with a subsidiary of ultimate holding company</i> | | | | |
| Sales of goods | 13,251 | 12,982 | - | - |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

45. RELATED PARTY DISCLOSURES (CONTINUED)

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

| | Group | | Company | |
|---|---------|---------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Transactions with subsidiaries of associates</i> | | | | |
| Purchase of goods | 216,763 | 162,798 | - | - |
| Sales of goods | 2,531 | 3,324 | - | - |
| Rental received | 3,391 | 3,386 | - | - |
| Security and other services paid and payable | 5,384 | 1,616 | - | - |
| Charter hire of vessels | 68,219 | 64,264 | - | - |
| Project management fees received | - | 3,018 | - | - |

Significant outstanding balances with related parties were as follows:

| | Group | | Company | |
|-----------------------------|--------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amounts owing by associates | 240 | 469 | - | - |
| Amounts owing to associates | 488 | 578 | - | - |

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 | |
|------------------------------|--------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors | | | | |
| Short-term employee benefits | 7,130 | 6,576 | 4,993 | 4,692 |
| Post-employment benefits | | | | |
| - EPF | 410 | 433 | 285 | 320 |
| Sub-total | 7,540 | 7,009 | 5,278 | 5,012 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****45. RELATED PARTY DISCLOSURES (CONTINUED)**

(b) Key management personnel compensation (continued)

| | Group | | Company | |
|--------------------------------|---------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other key management personnel | | | | |
| Short-term employee benefits | 17,977 | 16,967 | 2,224 | 1,914 |
| Post-employment benefits | | | | |
| - EPF | 1,707 | 1,496 | 346 | 298 |
| Sub-total | 19,684 | 18,463 | 2,570 | 2,212 |
| Total compensation | 27,224 | 25,472 | 7,848 | 7,224 |

46. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---------------------------|----------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Employee benefits expense | 266,121 | 234,699 | 18,808 | 17,728 |
| Post-employment benefits | 23,704 | 21,574 | 1,986 | 1,860 |

47. CAPITAL COMMITMENTS

| | Group | | Company | |
|--------------------------------|----------------|---------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Authorised capital commitments | | | | |
| Property, plant and equipment | | | | |
| - contracted | 34,390 | 28,425 | 3 | - |
| - not contracted | 321,842 | 277,368 | 8,283 | 5,623 |
| | 356,232 | 305,793 | 8,286 | 5,623 |
| Other capital commitments | | | | |
| - contracted | 92,664 | 134,636 | - | 25,419 |
| - not contracted | 86,260 | - | - | - |
| | 178,924 | 134,636 | - | 25,419 |
| Total capital commitments | 535,156 | 440,429 | 8,286 | 31,042 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

48. 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 | |
|---|---------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| - within one year | 36,290 | 28,116 |
| - later than one year but not later than five years | 45,067 | 27,662 |
| - later than five years | 173 | 327 |
| | 81,530 | 56,105 |

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 | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - within one year | 27,968 | 30,071 | 25,841 | 26,513 |
| - later than one year but not later than five years | 17,741 | 29,683 | 14,761 | 26,199 |
| | 45,709 | 59,754 | 40,602 | 52,712 |

NOTES TO THE FINANCIAL STATEMENTS

49. 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 (2013: 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 mangement 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.

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****49. SEGMENTAL REPORTING (CONTINUED)****2014****REVENUE**

| |
|---------------------|
| External sales |
| Inter-segment sales |
| Total revenue |

| Flour & feed milling, & grains trading RM'000 | Marketing, distribution & manufacturing of consumer products RM'000 | Film exhibition & distribution RM'000 |
|---|---|--|
| 2,229,288 | 438,494 | 370,771 |
| 107,069 | - | - |
| 2,336,357 | 438,494 | 370,771 |

RESULTS

| |
|--|
| Segment results |
| Share of associates' profits |
| 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 |

| | | |
|---------|--------|--------|
| 179,364 | 28,094 | 60,793 |
| 8,647 | - | 3,916 |
| - | - | - |

OTHER INFORMATION

| |
|--|
| Segment assets |
| Investments in associates |
| Investment in joint venture |
| Bank deposits and short-term fund placements |
| Tax assets |
| Unallocated corporate assets |
| Consolidated total assets |

| | | |
|-----------|---------|---------|
| 1,911,119 | 227,935 | 290,073 |
| 251,503 | - | 73,747 |
| - | - | - |

| |
|-----------------------------------|
| Segment liabilities |
| Borrowings |
| Tax liabilities |
| Unallocated corporate liabilities |
| Consolidated total liabilities |

| | | |
|---------|--------|--------|
| 284,118 | 51,236 | 96,690 |
|---------|--------|--------|

| |
|---|
| Capital expenditure |
| Unallocated corporate capital expenditure |

| | | |
|--------|-------|--------|
| 91,776 | 4,402 | 56,706 |
|--------|-------|--------|

| |
|---|
| Amortisation and depreciation |
| Unallocated corporate amortisation and depreciation |

| | | |
|--------|-------|--------|
| 38,607 | 3,455 | 40,917 |
|--------|-------|--------|

| |
|--|
| Non-cash items other than amortisation and depreciation |
| Impairment of property, plant and equipment and investment property written back |
| Impairment of goodwill |

| | | |
|-------|-----|-------|
| 4,048 | 258 | 1,816 |
| - | - | (759) |
| - | - | - |

CONTINUED

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 |
|--|---|---|--------------------------------|--------------------------------------|-------------------------------|-----------------------|-----------------|
| 138,562 | 81,874 | 76,160 | 127,247 | 9,675 | 228,937 | - | 3,701,008 |
| 665 | 2,004 | 25,950 | 1,595 | - | 15,116 | (152,399) | - |
| 139,227 | 83,878 | 102,110 | 128,842 | 9,675 | 244,053 | (152,399) | 3,701,008 |
| 5,272 | 38,004 | 1,463 | 15,857 | 8,453 | (24,333) | - | 312,967 |
| 6,530 | 4,368 | - | - | - | 696,035 | - | 719,496 |
| 4,646 | - | - | - | - | - | - | 4,646 |
| | | | | | | | 18,222 |
| | | | | | | | 10,800 |
| | | | | | | | (21,279) |
| | | | | | | | (16,708) |
| | | | | | | | 1,028,144 |
| | | | | | | | (89,227) |
| | | | | | | | 938,917 |
| 108,063 | 302,071 | 42,369 | 115,023 | 513,673 | 380,898 | (5,271) | 3,885,953 |
| 45,149 | 176,836 | - | - | - | 13,253,983 | - | 13,801,218 |
| 58,477 | - | - | - | - | - | - | 58,477 |
| | | | | | | | 824,762 |
| | | | | | | | 17,427 |
| | | | | | | | 17,342 |
| | | | | | | | 18,605,179 |
| 76,340 | 20,408 | 5,889 | 5,178 | - | 26,030 | (5,271) | 560,618 |
| | | | | | | | 553,585 |
| | | | | | | | 100,805 |
| | | | | | | | 8,855 |
| | | | | | | | 1,223,863 |
| 1,302 | 1,234 | 1,136 | 2,669 | - | 26,188 | - | 185,413 |
| | | | | | | | 32 |
| | | | | | | | 185,445 |
| 2,390 | 5,200 | 2,188 | 5,635 | - | 13,701 | - | 112,093 |
| | | | | | | | 354 |
| | | | | | | | 112,447 |
| 265 | (2,156) | 478 | (196) | 787 | 19,042 | - | 24,342 |
| - | (44) | - | - | - | - | - | (803) |
| 739 | - | - | - | - | - | - | 739 |
| | | | | | | | 24,278 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****49. SEGMENTAL REPORTING (CONTINUED)**

| | Flour & feed milling, & grains trading RM'000 | Marketing, distribution & manufacturing of consumer products RM'000 | Film exhibition & distribution RM'000 |
|---|---|---|--|
| 2013 | | | |
| 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 | | | |

CONTINUED

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 | 34,325 | 1,607 | (7,494) | 38,831 | 6,391 | - | 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 | (5,802) | 3,545,327 |
| 39,582 | 150,654 | - | - | - | 12,143,806 | - | 12,628,152 |
| 57,368 | - | - | - | - | - | - | 57,368 |
| | | | | | | | 794,829 |
| | | | | | | | 24,901 |
| | | | | | | | 14,853 |
| | | | | | | | 17,065,430 |
| 51,016 | 16,989 | 12,732 | 2,895 | - | 20,945 | (5,802) | 350,449 |
| | | | | | | | 419,553 |
| | | | | | | | 94,893 |
| | | | | | | | 8,638 |
| | | | | | | | 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 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

49. 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 | |
|---|------------------|------------------|---------------------------------------|------------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Malaysia | 2,940,202 | 2,652,835 | 1,229,349 | 1,207,557 |
| Indonesia | 495,619 | 410,636 | 203,966 | 195,496 |
| Singapore | 51,311 | 53,443 | 90 | 111 |
| Other ASEAN countries | 192,943 | 164,324 | 125,785 | 94,286 |
| East Asia | 11,599 | 17,847 | - | - |
| Other Asian countries | 1,717 | 1,914 | - | - |
| European countries | 1,561 | 2,021 | - | - |
| America and Asia Pacific countries and others | 6,056 | 9,897 | - | - |
| | 3,701,008 | 3,312,917 | 1,559,190 | 1,497,450 |

50. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

| 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 | | | | |
| 2014 | | | | |
| Other investments | - | 513,260 | 412 | 513,672 |
| Receivables | 777,141 | - | - | 777,141 |
| Derivative financial assets | - | - | 12,040 | 12,040 |
| Deposits, and cash and bank balances | 677,615 | - | - | 677,615 |
| Short-term fund placements | - | - | 401,696 | 401,696 |
| Total financial assets | 1,454,756 | 513,260 | 414,148 | 2,382,164 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****50. FINANCIAL INSTRUMENTS (CONTINUED)**

(a) Classification of 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 | | | | |
| 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 | 1,328,292 | 659,457 | 302,921 | 2,290,670 |
| Company | | | | |
| 2014 | | | | |
| Other investments | - | 497,471 | - | 497,471 |
| Receivables | 9,411 | - | - | 9,411 |
| Deposits, cash and bank balances | 241,029 | - | - | 241,029 |
| Short-term fund placements | - | - | 299,582 | 299,582 |
| Total financial assets | 250,440 | 497,471 | 299,582 | 1,047,493 |
| 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 | 310,626 | 641,231 | 255,908 | 1,207,765 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

| | At amortised cost RM'000 | At fair value through profit or loss RM'000 | Total RM'000 |
|----------------------------------|--------------------------------|--|------------------|
| Financial liabilities | | | |
| Group | | | |
| 2014 | | | |
| Payables | 551,947 | - | 551,947 |
| Borrowings | 553,585 | - | 553,585 |
| Derivative financial liabilities | - | 17,269 | 17,269 |
| Total financial liabilities | <u>1,105,532</u> | <u>17,269</u> | <u>1,122,801</u> |
| 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> |
| Company | | | |
| 2014 | | | |
| Payables | 18,272 | - | 18,272 |
| Borrowings | - | - | - |
| Total financial liabilities | <u>18,272</u> | <u>-</u> | <u>18,272</u> |
| 2013 | | | |
| Payables | 18,247 | - | 18,247 |
| Borrowings | 209 | - | 209 |
| Total financial liabilities | <u>18,456</u> | <u>-</u> | <u>18,456</u> |

NOTES TO THE FINANCIAL STATEMENTS

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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: Inputs are 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: Unobservable inputs for the asset or liability.

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.

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NOTES TO THE
FINANCIAL STATEMENTS

50. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

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

| | Level 1 RM'000 | Level 2 RM'000 | Total RM'000 |
|-------------------------------|-------------------|-------------------|-----------------|
| Financial assets | | | |
| Group | | | |
| 2014 | | | |
| Other investments | 513,245 | - | 513,245 |
| Short-term fund placements | - | 401,696 | 401,696 |
| Forward contracts | - | 66 | 66 |
| Futures and options contracts | - | 11,974 | 11,974 |
| | 513,245 | 413,736 | 926,981 |
| 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 |
| | 660,207 | 301,744 | 961,951 |
| Company | | | |
| 2014 | | | |
| Other investments | 497,205 | - | 497,205 |
| Short-term fund placements | - | 299,582 | 299,582 |
| | 497,205 | 299,582 | 796,787 |
| 2013 | | | |
| Other investments | 640,965 | - | 640,965 |
| Short-term fund placements | - | 255,908 | 255,908 |
| | 640,965 | 255,908 | 896,873 |
| Financial liabilities | | | |
| Group | | | |
| 2014 | | | |
| Forward contracts | - | - | - |
| Futures and options contracts | - | 17,269 | 17,269 |
| | - | 17,269 | 17,269 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****50. FINANCIAL INSTRUMENTS (CONTINUED)**

(b) Fair value of financial instruments (continued)

| | Level 1 | Level 2 | Total |
|-------------------------------|----------------|----------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| Financial liabilities | | | |
| Group | | | |
| 2013 | | | |
| Forward contracts | - | 28 | 28 |
| Futures and options contracts | - | 6,320 | 6,320 |
| | - | 6,348 | 6,348 |

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

The carrying amounts of the financial instruments of the Group and of the Company, which are not measured at fair value on a recurring basis at the end of the reporting period approximated or were at their fair value, due to their short-term nature or they are interest-bearing.

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

51. FINANCIAL 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 2014. If the United States Dollar ("USD") were to strengthen or weaken by 5% against RM with all other variables held constant, the Group profit after tax would decrease or increase by RM5.824 million (2013: RM6.658 million).

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Foreign currency exchange risk (continued)**

As other foreign currency denominated monetary items as at 31 December 2014 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 RM440 million (2013: RM332 million).

(b) Interest rate risk

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's bank borrowings, short-term fund placements 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 2014. 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 RM2.076 million (2013: RM1.573 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 2014. 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 | Equity | Profit after tax | Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 2014 | | | | |
| Other investments | <u>21</u> | <u>25,642</u> | <u>-</u> | <u>24,860</u> |
| 2013 | | | | |
| Other investments | <u>59</u> | <u>32,952</u> | <u>-</u> | <u>32,048</u> |

NOTES TO THE
FINANCIAL STATEMENTS

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk

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

The Group's management has credit policies in place to ensure that transactions are conducted with creditworthy counterparties.

The Group's credit risk is primarily attributable to trade receivables arising from the sale of goods or services and unsecured loans to associates.

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 counterparties as a means of mitigating losses in the event of default.

Exposure to credit risk arising from unsecured loans to associates is managed through credit evaluation and approvals by the board of directors and ongoing monitoring of credit quality of the associates.

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 RM60.800 million (2013: RM68.450 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 (2013: RM50.500 million) and financial guarantees amounting to RM8.000 million (2013: RM8.000 million) pledged in favour of the subsidiary of the Group and title deeds held in escrow for land valued at approximately RM10.000 million (2013: RM10.000 million).

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 |
| 2014 | | | | |
| Not past due | 343,590 | - | - | - |
| Less than 30 days past due | 61,798 | (112) | 230 | - |
| Between 30 and 90 days past due | 34,196 | - | 31 | - |
| More than 90 days past due | 29,560 | (12,849) | 150 | (26) |
| | 469,144 | (12,961) | 411 | (26) |
| <u>Included under receivables</u> | | | | |
| Trade receivables (note 24) | 468,904 | (12,961) | 411 | (26) |
| Amount due from associates (note 26) | 240 | - | - | - |
| | 469,144 | (12,961) | 411 | (26) |

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NOTES TO THE
FINANCIAL STATEMENTS

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

| | Group | | Company | |
|--------------------------------------|----------------|-----------------|------------|-------------|
| | Gross | Impairment | Gross | Impairment |
| | RM'000 | RM'000 | RM'000 | 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 26) | 469 | - | - | - |
| | <u>485,783</u> | <u>(11,878)</u> | <u>580</u> | <u>(74)</u> |

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

| | Group | | Company | |
|----------------------------------|----------------|--------|-------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 11,878 | 11,487 | 74 | 18 |
| Doubtful debts recognised | 2,949 | 1,642 | 34 | 56 |
| Doubtful debts written off | (725) | (584) | (45) | - |
| Doubtful debts written back | (1,159) | (684) | (37) | - |
| Exchange translation differences | 18 | 17 | - | - |
| At 31 December | 12,961 | 11,878 | 26 | 74 |

(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.

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**NOTES TO THE
FINANCIAL STATEMENTS****51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(e) Liquidity risk (continued)**

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

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

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

| | Less than 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
|----------------------------------|-------------------------------|------------------------|------------------|
| Group | | | |
| 2014 | | | |
| Payables | 551,947 | - | 551,947 |
| Borrowings | 496,390 | 64,082 | 560,472 |
| Derivative financial liabilities | 17,269 | - | 17,269 |
| | 1,065,606 | 64,082 | 1,129,688 |
| 2013 | | | |
| Payables | 348,468 | - | 348,468 |
| Borrowings | 331,202 | 95,478 | 426,680 |
| Derivative financial liabilities | 6,348 | - | 6,348 |
| | 686,018 | 95,478 | 781,496 |
| Company | | | |
| 2014 | | | |
| Payables | 18,272 | - | 18,272 |
| Borrowings | - | - | - |
| | 18,272 | - | 18,272 |
| 2013 | | | |
| Payables | 18,247 | - | 18,247 |
| Borrowings | 209 | - | 209 |
| | 18,456 | - | 18,456 |

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NOTES TO THE
FINANCIAL STATEMENTS**52. 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 2014 and 31 December 2013.

Total borrowings to capital ratio was as follows:

| | Group | |
|---|------------|------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Share capital | 1,185,500 | 1,185,500 |
| Reserves | 15,635,013 | 14,467,780 |
| Total capital | 16,820,513 | 15,653,280 |
| Short-term borrowings | 491,560 | 329,810 |
| Long-term borrowings | 61,984 | 89,657 |
| Hire purchase liabilities | 41 | 86 |
| Total borrowings | 553,585 | 419,553 |
| Total borrowings to capital ratio (times) | 0.03 | 0.03 |

53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 25 March 2015.

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**NOTES TO THE
FINANCIAL STATEMENTS****54. SUBSIDIARIES**

The subsidiaries are as follows:

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|-------------------------------------|-------------------------|-----------|-------------------------------------|---|
| | 2014 % | 2013 % | | |
| 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 | In member's voluntary winding up |
| * 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, sausages and burgers |
| 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 |
| 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 |

CONTINUED

NOTES TO THE
FINANCIAL STATEMENTS

54. SUBSIDIARIES (CONTINUED)

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|--------------------------------------|-------------------------|-----------|-------------------------------|---|
| | 2014 % | 2013 % | | |
| * 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 | Dormant |
| * 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 | Dormant |
| 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 |
| 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 | Dormant |
| Golden Screen Cinemas Sdn Bhd | 100.0 | 100.0 | Malaysia | Exhibition of cinematograph films |
| Premier Cinemas Sdn Bhd | 100.0 | 100.0 | Malaysia | Dormant |
| 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 |

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

54. SUBSIDIARIES (CONTINUED)

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|---|-------------------------|--------------|--------------------------|---|
| | 2014 % | 2013 % | | |
| * 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 | Dormant |
| GSC Vietnam Ltd | 100.0 | 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 |
| Affluence Trading Sdn Bhd | 100.0 | 100.0 | Malaysia | Dormant |
| PPB Property Development Sdn Bhd <i>(formerly known as Deltamont Development Sdn Bhd)</i> | 100.0 | 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 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****54. SUBSIDIARIES (CONTINUED)**

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|---|-------------------------|-----------|--------------------------------|---|
| | 2014 % | 2013 % | | |
| Sitamas Environmental Systems Sdn Bhd | 70.0 | 70.0 | Malaysia | Provision of refuse disposal services |
| Zegwaard Bumianda Sdn Bhd | 100.0 | 100.0 | Malaysia | Provision of liquid waste disposal services |
| Entrol Systems Sdn Bhd | 100.0 | 100.0 | Malaysia | Letting of properties |
| Tunggak Menara Services Sdn Bhd | 100.0 | 100.0 | Malaysia | Provision of garbage collection and disposal services |
| Malayan Adhesives & Chemicals Sdn Bhd | 99.6 | 99.6 | Malaysia | Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding |
| * 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 KVV Wastewater Technology Company Ltd. (formerly known as 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

55. ASSOCIATES

The associates are as follows:

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|---------------------------|-------------------------|-----------|--------------------------|--|
| | 2014 % | 2013 % | | |
| Shaw Brothers (M) Sdn Bhd | 34.0 | 34.0 | Malaysia | Property investment, investment holding and provision of management services |

CONTINUED

NOTES TO THE FINANCIAL STATEMENTS

55. ASSOCIATES (CONTINUED)

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|--|-------------------------|-----------|--------------------------------|---|
| | 2014 % | 2013 % | | |
| * Vita Tenggara Fruit Industries Sdn Bhd | 40.0 | 40.0 | Malaysia | Property development |
| Trinity Coral Sdn Bhd | 25.0 | 25.0 | Malaysia | Investment holding |
| Wisma Perak Sdn Bhd | 50.0 | 50.0 | Malaysia | In member's voluntary winding up |
| Grenfell Holdings Sdn Bhd | 49.7 | 49.7 | Malaysia | In member's voluntary winding up |
| Huge Quest Realty Sdn Bhd | 40.0 | 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 | Malaysia | Disposed in 2014 |
| *# Wilmar International Ltd ("Wilmar") | 18.3 | 18.3 | Singapore | Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, specialty fat, oleochemical, biodiesel and fertiliser manufacturing, and grain processing |
| * 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 |
| * 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 |

CONTINUED**NOTES TO THE
FINANCIAL STATEMENTS****55. ASSOCIATES (CONTINUED)**

| Companies | Group's equity interest | | Country of incorporation | Principal activities |
|--|-------------------------|-----------|--------------------------------|--|
| | 2014 % | 2013 % | | |
| * 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 | 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 | 31.5 | Malaysia | Film production |
| Dream Talents Pictures Sdn Bhd | 35.0 | - | Malaysia | Film production |
| * Medan Multimedia Sdn Bhd | 19.0 | 19.0 | Malaysia | Film production |
| * Galaxy Studio Joint Stock Company | 25.0 | 25.0 | Socialist Republic of Vietnam | Exhibition and distribution of cinematograph films |

* 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.

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**NOTES TO THE
FINANCIAL STATEMENTS****55. ASSOCIATES (CONTINUED)**

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

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

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

56. JOINT VENTURE

The joint venture is as follows:

| | Proportion of ownership interest | | Country of operation | Principal activities |
|---|---|-------------|--------------------------------------|--|
| | 2014 | 2013 | | |
| | % | % | | |
| * 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

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 | |
|--|-------------------|-------------|-------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total retained profits/(losses) of the Company and subsidiaries: | | | | |
| - Realised | 12,380,925 | 12,208,286 | 10,603,944 | 10,605,706 |
| - Unrealised | (92,733) | (77,622) | (706) | (725) |
| | 12,288,192 | 12,130,664 | 10,603,238 | 10,604,981 |
| Total share of retained profits/(losses) from associates: | | | | |
| - Realised | 149,566 | 121,849 | - | - |
| - Unrealised | (1,587) | (1,675) | - | - |
| - Wilmar International Ltd * | 4,620,617 | 4,142,851 | - | - |
| Total share of retained profits from joint venture: | | | | |
| - Realised | 8,034 | 6,849 | - | - |
| | 17,064,822 | 16,400,538 | 10,603,238 | 10,604,981 |
| Less: consolidation adjustments | (2,175,512) | (2,149,157) | - | - |
| Total Group's and Company's retained profits as per accounts | 14,889,310 | 14,251,381 | 10,603,238 | 10,604,981 |

* 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 76 to 167 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 2014 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
25 March 2015

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 76 to 167 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 Kuala Lumpur in the
Federal Territory on this
25th day of March 2015

Before me,

Manoharan A/L Sellamuthu
Commissioner for Oaths
Malaysia
No. W656

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 2014 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 76 to 167.

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 2014 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 54 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.

CONTINUED**INDEPENDENT
AUDITORS' REPORT**

TO THE MEMBERS OF PPB GROUP BERHAD

Other Reporting Responsibilities

The supplementary information set out on page 168 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: 001954
Chartered Accountants

CHONG FAH YOW
No. 3004/07/16 (J)
Chartered Accountant

Kuala Lumpur
25 March 2015

PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|---|--|----------------------------------|---------------------------|----------------------|---------------------|-----------|----------------|-------------------------------------|
| STATE OF KEDAH | | | | | | | | |
| Cathay Alor Setar No 1, Jln Limbong Kapal, 05000 Alor Setar | Property leased out | 16.4.1990 | - | 3,995 sq metres | - | Freehold | - | 805 |
| Cathay Sungai Petani No 11, Jln Bank, 08000 Sg Petani | Property leased out | 16.4.1990 | >50 | 830 sq metres | 1,013 sq metres | Freehold | - | 325 |
| 31 Jln Kampung Baru, 08000 Sg Petani | Land for property development | 7.11.1991 | - | 9,846 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 | - | 20,173 |
| Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh Gurun | Poultry breeder farm & oil palm plantation | 21.2.1995 | 18 | 103 hectares | 43,633 sq metres | Freehold | - | 10,472 |
| STATE OF PENANG | | | | | | | | |
| Plot 352-355 & 362-364, Tingkat Perusahaan Tiga, Seberang Prai Tengah | Factory & office building leased out | 28.4.1989 | 38 | 24,922 sq metres | 7,209 sq metres | Leasehold | 2111 | 8,471 |
| Plot 99(1), MK1, Tingkat Perusahaan Dua, Seberang Prai Tengah | Factory & warehouse building | 25.11.1982 | 32 | 21,092 sq metres | 10,320 sq metres | Leasehold | 2111 | 10,576 |
| Plot 100(1), MK1, Tingkat Perusahaan Dua, Seberang Prai Tengah | Factory & warehouse building | 10.2.1989 | 32 | 13,491 sq metres | 8,652 sq metres | Leasehold | 2111 | 21,629 |
| Plot 571, MK13, Tingkat Perusahaan Dua, Seberang Prai Tengah | Industrial land | 4.11.1990 | - | 1,305 sq metres | - | Leasehold | 2111 | 201 |
| Odeon Penang No 130, Penang Road, 10000 Penang | Property leased out | 16.4.1990 | 68 | 1,084 sq metres | 1,213 sq metres | Freehold | - | 435 |
| | | 16.4.1990 | | 281 sq metres | | Leasehold | 2038 | 70 |

CONTINUED**PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES**

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|---|--|---|----------------------------------|---------------------|----------------------|---------------|-----------------------|--|
| STATE OF PENANG (CONTINUED) | | | | | | | | |
| Dalit Cinema Kompleks Tun Abdul Razak, Lebuh Tek Soon, 10000 Penang | Shoplot leased out | 16.4.1990 | 34 | - | 3,332 sq metres | Leasehold | 2082 | 4,035 |
| Lot No 31, 336-339, 342 343 & 438, Section 15, City of Georgetown, Penang | Commercial building leased out | 30.9.1976 | 8 | 2 hectares | 13,662 sq metres | Freehold | - | 17,113 |
| Lot 340, Section 15, City of Georgetown, Penang | Land for property development | 12.7.2013 | - | 264 sq metres | - | Freehold | - | 2,459 |
| 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 | 3,995 sq metres | Freehold | - | 9,227 |
| 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 & held for development | 3.9.2003 | - | 53,373 sq metres | - | Freehold | - | 19,476 |
| STATE OF PERAK | | | | | | | | |
| Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh | Property leased out | 16.4.1990 | 58 | 3,949 sq metres | 1,673 sq metres | Freehold | - | 1,050 |
| Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh | Office building & warehouse | 3.10.1991 | 21 | 8,018 sq metres | 3,091 sq metres | Leasehold | 2045 | 1,045 |
| Block G4 & G5, Lumut Industrial Park, Lumut | Land leased out | 28.12.1995 | 18 | 80,940 sq metres | - | Leasehold | 2105 | 5,631 |
| Lot 950, Batu 9, Sg Limau, 34850 Trong | Lager farm & oil palm plantation | 25.10.1996 | 16 | 220 hectares | 47,606 hectares | Freehold | - | 36,410 |

CONTINUED

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

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|--|--|----------------------------------|---------------------------|-------------------|------------------|-----------|----------------|-------------------------------------|
| STATE OF SELANGOR | | | | | | | | |
| Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang | Factory, warehouse & vacant industrial land | 6.6.1995 | 7 to 13 | 208,156 sq metres | 81,624 sq metres | Leasehold | 2097 | 154,559 |
| Lot 2824-2827 & PT 45125, Mukim Sg Buloh, Selangor Darul Ehsan | Warehouse cum office & vacant industrial land | 19.10.1993 1.6.1994 | 3 to 17 | 243,415 sq metres | 13,177 sq metres | Freehold | - | 66,124 |
| 1-17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya | Nine 4 storey shop-houses & offices leased out | 16.4.1990 | 32 | 1,408 sq metres | 4,907 sq metres | Freehold | - | 2,707 |
| 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 |
| Lot 9, Jln Utas 15/7, 40000 Shah Alam | Office building | 22.2.1993 | 44 | 33,946 sq metres | 7,639 sq metres | Leasehold | 2069 | 7,913 |
| Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam | Office building | 22.2.1993 | 26 | 11,458 sq metres | 3,977 sq metres | Leasehold | 2018 | 635 |
| 16/8A Jln Pahat, 40700 Shah Alam | Office building | 1.1.2004 | 34 | 3,837 sq metres | 1,237 sq metres | Leasehold | 2067 | 654 |
| WILAYAH PERSEKUTUAN | | | | | | | | |
| Lot 2883, Jln Cheras, Kuala Lumpur | Land for property development | 9.3.1982 | - | 1,376 sq metres | - | Freehold | - | 102 |
| Lot 39727 & Lot 39729, Jln Cheras, Kuala Lumpur | Land for property development | 9.3.1982 | - | 3,582 sq metres | - | Leasehold | 2077 & 2080 | 264 |
| Cheras LeisureMall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur | Shopping mall | 9.3.1982 | 20 | 21,225 sq metres | 70,488 sq metres | Leasehold | 2077 & 2080 | 55,897 |
| Cheras Plaza No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur | Eight storey building & carpark | 9.3.1982 | 28 | 5,130 sq metres | 20,143 sq metres | Leasehold | 2077 | 12,965 |
| LA 79200014, Layang Layang Town, Labuan | Vacant commercial building | 16.4.1990 | - | 9,941 sq metres | 3,228 sq metres | Leasehold | 2091 | 993 |

CONTINUED**PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES**

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|--|--|---|----------------------------------|-------------------|----------------------|---------------|-----------------------|--|
| STATE OF NEGERI SEMBILAN | | | | | | | | |
| Lot 765 & 2100, Mukim of Linggi, District of Port Dickson | Poultry breeder farm | 12.3.1992 | 22 | 678,481 sq metres | 45,360 sq metres | Freehold | - | 14,610 |
| PT 1295, Senawang Industrial Estate, 70450 Seremban | Factory & office building | 30.6.1996 | 23 | 38,209 sq metres | 11,160 sq metres | Freehold | - | 10,913 |
| Lot 3978, Senawang Industrial Estate, 70450 Seremban | Factory & office building | 30.6.1996 | 18 to 43 | 27,066 sq metres | 23,788 sq metres | Leasehold | 2067 | 14,920 |
| GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang, 70000 Seremban | Cineplex | 26.2.1996 | 19 | - | 1,811 sq metres | Freehold | - | 4,084 |
| STATE OF MALACCA | | | | | | | | |
| Lot 3.5, Cheng Industrial Estate | Office building & warehouse | 12.9.1992 | 19 | 4,940 sq metres | 2,091 sq metres | Leasehold | 2090 | 797 |
| H.S (D) 65173, PT 6667, Mukim of Krubong, District of Melaka Tengah | Vacant land | 8.9.2011 | - | 14,415 sq metres | - | Leasehold | 2107 | 4,303 |
| STATE OF JOHOR | | | | | | | | |
| PTD119742, Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang | Factory & office building | 7.1.1989 | 30 to 38 | 36,891 sq metres | 20,823 sq metres | Leasehold | 2049 | 9,656 |
| Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang | Factory leased out | 10.10.1987 14.7.1988 | 18 to 26 | 121,490 sq metres | 14,532 sq metres | Leasehold | 2049 & 2050 | 21,120 |
| Cathay Muar No 38, Jln Sayang, 84000 Muar | Property leased out | 16.4.1990 | 58 | 1,623 sq metres | 1,145 sq metres | Freehold | - | 301 |
| 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 | 1,152 sq metres | Freehold | - | 381 |
| Odeon Batu Pahat 30 & 30A Jln Jenang, 83000 Batu Pahat | Property leased out | 16.4.1990 | >50 | 1,752 sq metres | 973 sq metres | Freehold | - | 528 |

CONTINUED

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

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|--|---|--------------------------------------|---------------------------|------------------|------------------|-----------|----------------|-------------------------------------|
| STATE OF JOHOR (CONTINUED) | | | | | | | | |
| Plaza Cinema 1 & 2 F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru | Shoplot leased out | 31.7.1992 | 25 & 26 | - | 3,751 sq metres | Freehold | - | 10,911 |
| Lot 973, Mukim of Tebrau, Johor Bahru | Warehouse & office building | 15.7.1996 | 15 | 34,981 sq metres | 4,342 sq metres | Freehold | - | 8,983 |
| PTD119741 (Lot66242), Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang | Feedmill factory & office building | 11.3.14 | 25 | 22,673 sq metres | 15,920 sq metres | Leasehold | 2050 | 12,277 |
| STATE OF PAHANG | | | | | | | | |
| Lot 6861, B-1770, Taman Air Putih, Kuantan | Office building | 23.12.1986 | 47 | 149 sq metres | 272 sq metres | Freehold | - | 300 |
| No 19, Jln IM 3/1, Bandar Indera Mahkota, 25200 Kuantan | Office building & warehouse | 12.7.1997 | 16 | 7,810 sq metres | 1,952 sq metres | Leasehold | 2061 | 1,620 |
| STATE OF KELANTAN | | | | | | | | |
| Lot 5049 PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu | Warehouse & office building | 30.12.2001 | 8 | 14,157 sq metres | 3,454 sq metres | Leasehold | 2063 | 2,343 |
| STATE OF SARAWAK | | | | | | | | |
| Lot 2231, Pending Industrial Estate, Kuching | Factory & office building | 13.11.1984 18.6.1987 15.3.1989 | 31 | 6,812 sq metres | 4,292 sq metres | Leasehold | 2040 | 3,198 |
| Lot 505 Block 8, Muara Tebas Land District, Kuching | Factory & office building | 6.12.1999 | 11 | 21,350 sq metres | 11,194 sq metres | Leasehold | 2059 | 16,362 |
| Lot 137 Block 5, Undup Land District, Sri Aman | Vacant agricultural land | 9.3.1996 | - | 18,130 sq metres | - | Leasehold | 2017 | 10 |
| Lot 1133 Block 8, Muara Tebas Land District, Kuching | Warehouse & office building | 17.5.2004 | 9 | 10,520 sq metres | 3,135 sq metres | Leasehold | 2064 | 3,236 |
| Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching | Property leased out | 16.4.1990 | > 50 | 1,661 sq metres | 874 sq metres | Leasehold | 2802 | 365 |
| Cathay Sibu C.D.T, No 6 Raminway, 96007 Sibu | Property leased out | 16.4.1990 | 55 | 1,486 sq metres | 1,801 sq metres | Leasehold | 2110 | 676 |

CONTINUED**PROPERTIES OWNED BY PPB GROUP
BERHAD AND ITS SUBSIDIARIES**

| Location | Description of existing use of properties | Date of acquisition/ revaluation | Age of buildings in years | Land area | Built up area | Tenure | Year of expiry | Net book value at 31.12.2014 RM'000 |
|--|--|---|--|----------------------|--------------------------|---------------|---------------------------|--|
| STATE OF SABAH | | | | | | | | |
| 5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu | Factory & office building | 10.10.1989 | 22 | 10,927 sq metres | 3,954 sq metres | Leasehold | 2032 | 2,862 |
| Lot No 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu | Factory & office building | 19.10.2006 | 4 | 12,096 sq metres | 5,230 sq metres | Leasehold | 2097 | 27,732 |
| Lot 31, Industrial Zone 4, KKIP, Kota Kinabalu | Warehouse & office building | 24.7.2006 | 8 | 9,955 sq metres | 3,060 sq metres | Leasehold | 2098 | 2,948 |
| CL 075149325, Karamunting, Sandakan | Land for future development | 10.8.1996 | - | 58,315 sq metres | - | Leasehold | 2881 | 1,863 |
| Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan | Land leased out | 16.4.1990 | - | 1,282 sq metres | - | Leasehold | 2053 | 550 |
| 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 | 149 |
| INDONESIA | | | | | | | | |
| Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon | Factory & office building | 26.1.2007 3.4.2007 | 6 | 31,723 sq metres | 71,160 sq metres | Leasehold | 2037 | 121,171 |

STATEMENT OF SHAREHOLDINGS

AS AT 23 MARCH 2015

| | |
|--------------------------------------|--------------------------------|
| 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 | 923 | 9.46 | 20,922 | 0.00 |
| 100 - 1,000 | 2,724 | 27.92 | 1,777,662 | 0.15 |
| 1,001 - 10,000 | 4,310 | 44.18 | 17,707,253 | 1.49 |
| 10,001 - 100,000 | 1,460 | 14.97 | 45,344,972 | 3.83 |
| 100,001 to less than 5% of issued shares | 336 | 3.44 | 489,265,990 | 41.27 |
| 5% and above of issued shares | 3 | 0.03 | 631,383,083 | 53.26 |
| | 9,756 | 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.

CONTINUED**STATEMENT OF
SHAREHOLDINGS****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 | 90,693,079 | 7.65 | - | - | 90,693,079 | 7.65 |

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> | 85,788,779 | 7.24 |
| 3. Kuok Brothers Sdn Berhad | 72,882,932 | 6.15 |
| 4. Kuok Brothers Sdn Berhad | 49,296,514 | 4.16 |
| 5. Kumpulan Wang Persaraan (Diperbadankan) | 41,995,800 | 3.54 |
| 6. Nai Seng Sdn Berhad | 40,826,500 | 3.44 |
| 7. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Credit Suisse (SG BR-TST-Asing)</i> | 33,793,828 | 2.85 |
| 8. Kuok Foundation Berhad | 17,119,720 | 1.44 |
| 9. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Morgan Stanley & Co. International PLC (Client)</i> | 16,333,802 | 1.38 |
| 10. Amanahraya Trustees Berhad <i>For Skim Amanah Saham Bumiputera</i> | 14,076,000 | 1.19 |
| 11. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN For State Street Bank & Trust Company (West CLTOD67)</i> | 12,695,870 | 1.07 |

CONTINUED

**STATEMENT OF
SHAREHOLDINGS**

| Name of Shareholders | No. of Shares | % of Issued Capital |
|--|----------------------|----------------------------|
| 12. Amanahraya Trustees Berhad <i>For Amanah Saham Malaysia</i> | 12,640,200 | 1.07 |
| 13. HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund</i> | 11,026,608 | 0.93 |
| 14. Amanahraya Trustees Berhad <i>For Amanah Saham Wawasan 2020</i> | 10,917,500 | 0.92 |
| 15. Chinchoo Investment Sdn Berhad | 10,184,100 | 0.86 |
| 16. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i> | 8,299,566 | 0.70 |
| 17. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government of Singapore (C)</i> | 7,863,100 | 0.66 |
| 18. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN For UOB Kay Hian (Hong Kong) Limited - A/C Clients</i> | 7,094,746 | 0.60 |
| 19. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)</i> | 6,824,532 | 0.58 |
| 20. Gaintique Sdn Bhd | 5,933,300 | 0.50 |
| 21. Ophir Holdings Berhad | 5,841,754 | 0.49 |
| 22. Amanahraya Trustees Berhad <i>For As 1Malaysia</i> | 5,624,200 | 0.47 |
| 23. Key Development Sdn Berhad | 5,000,000 | 0.42 |
| 24. Keck Seng (Malaysia) Berhad | 4,891,728 | 0.41 |
| 25. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt AN For Eastspring Investments Berhad</i> | 3,585,500 | 0.30 |

CONTINUED

**STATEMENT OF
SHAREHOLDINGS**

| Name of Shareholders | No. of Shares | % of Issued Capital |
|---|----------------------|----------------------------|
| 26. Ang Poon Tiak | 3,510,000 | 0.30 |
| 27. Universiti Kebangsaan Malaysia | 3,323,608 | 0.28 |
| 28. Amanahraya Trustees Berhad <i>For Amanah Saham Didik</i> | 3,275,500 | 0.28 |
| 29. HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC</i> <i>For Abu Dhabi Investment Authority (AGUS)</i> | 2,819,645 | 0.24 |
| 30. Ophir Holdings Berhad | 2,666,666 | 0.23 |
| | 978,843,370 | 82.57 |

GROUP CORPORATE DIRECTORY

ANIMAL FEED MANUFACTURING

FFM Berhad

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person : Dr Ong Choo Teik
(D/GM- Group Feed & Livestock)

Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory
Lorong Pukul Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 07-2512211
Contact Person : Mr Thing Chee Tiong
(D/GM)

FFM (Sabah) Sdn Bhd

Main Office/Factory
5 1/2 Mile, Off Jalan Tuaran
Kolombong Industrial Estate
88450 Kota Kinabalu, Sabah
Tel : 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
Tel : 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
Tel : 03- 33256288
Contact Person : Mr Lai Fei Siong (FM)

CHEMICALS MANUFACTURING

Malayan Adhesives & Chemicals Sdn Bhd

Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55661188
Contact Person : Mr Lim Kian Joo (GM)

CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd

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

CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person : Mr Luah Hong Wan (MD)

CONTRACT MANUFACTURING

Products Manufacturing Sdn Bhd

Main Office/Factory
Lot PT 31-A1, A2 & A3, Industrial Area
Mukim Batu 6.5 Miles, Jalan Kepong
52000 Kuala Lumpur
Tel : 03-62528298
Contact Person : Mr Francis Quah (D)

FILM DISTRIBUTION

GSC Movies Sdn Bhd

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

FLOUR MILLING

FFM Berhad

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person : Datuk Ong Hung Hock
(MD)

Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory
Lorong Pukul Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 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
Tel : 0084-64894883
Contact Person : Mr Ken Tay
(General Director)

FFM Flour Mills (Sarawak) Sdn Bhd

Main Office/Factory
Lot 505, Block 8, MTL D
Sejingkat Industrial Park, Jalan Bako
93050 Kuching, Sarawak
Tel : 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
Tel : 62-21 385 3624
Contact Person : Mr Pua Koon Lee
(President Director)

CONTINUED

GROUP CORPORATE
DIRECTORY

FOOD PROCESSING

FFM Further Processing Sdn Bhd

Main Office/Factory
Lot 2, Seksyen 6,
Pulau Indah Industrial Park
K.S. 13, 42090 Klang, Selangor
Tel : 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
Tel : 03-78068856
Contact Person : Mr Heng Beng Fatt (GM)

INTEGRATED AGRIBUSINESS

Wilmar International Limited

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

LIVESTOCK FARMING

FFM Farms Sdn Bhd

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61457888
Contact Person : Dr Liew Pit Kang (GM)

PROPERTY INVESTMENT &
DEVELOPMENT**PPB Group Berhad (Property Division)****PPB Hartabina Sdn Bhd****PPB Property Development Sdn Bhd**

Main Office
7th Floor, Cheras Plaza
11 Jalan Manis 1, Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-91305088
Contact Person : Mr Chew Hwei Yeow (COO)

Cathay Screen Cinemas Sdn Bhd

Main Office
5B Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77299118
Contact Person : Ms Carol Au (M)

Seletar Sdn Bhd

Main Office
Simco House, Persiaran Sinar Mentari 1
08100 Bedong, Kedah
Tel : 04-4588129
Contact Person : Mr Foo Saik Jiang
(Manager)

POLYBAG MANUFACTURING

Tego Sdn Bhd

Main Office
Lot 5-8, Lorong Senawang 2/1
Senawang Industrial Estate
70450 Seremban, Negeri Sembilan
Tel : 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
Tel : 0095-1-590643
Contact Person : Mr Cheng Kin Ming (D)

WASTE MANAGEMENT &
ENVIRONMENTAL ENGINEERING**CWM Group Sdn Bhd**

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

**Beijing CQ Environmental Management
Consultancy Services Co. Ltd**

Main Office
Unit 2308A Level 23, North Office Tower
Beijing Kerry Centre
1 Guang Hua Road
Chao Yang District, Beijing 100020, China
Tel : 00-8610-85298393
Contact Person : Mr Ethan Pang
(Financial Controller)

**Sitamas Environmental Systems
Sdn Bhd**

Main Office
Lot 15 Jalan Pahat 16/8A
40702 Shah Alam, Selangor
Tel : 03-55104008
Contact Person : Mr Lee Oon Tiong (AGM)

AWS Sales & Services Sdn Bhd

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

LEGEND

AGM - Acting General Manager
CEO - Chief Executive Officer
COO - Chief Operating Officer
D - Director
FM - Factory Manager
GM - General Manager
M - Manager
MD - Managing Director

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Wednesday, 13 May 2015 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 46th 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 Wednesday, 13 May 2015 at 10.00 am for the following purposes :

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a final single tier dividend of 16 sen per share in respect of the financial year ended 31 December 2014 as recommended by the Directors. (Resolution 2)
3. To approve the payment of Directors' fees of RM325,000/- for the financial year ended 31 December 2014. (Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 107 of the Articles of Association of the Company :
 - 4.1 Datuk Ong Hung Hock (Resolution 4)
 - 4.2 Mr Soh Chin Teck (Resolution 5)
5. To re-appoint Datuk Oh Siew Nam as a Director of the Company pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting of the Company. (See *Explanatory Note 1*) (Resolution 6)
6. To re-appoint Mazars as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS

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

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

The text of the above resolutions together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 22 April 2015.
 (See *Explanatory Note 3*)

CONTINUED

NOTICE OF ANNUAL GENERAL MEETING

9. Ordinary Resolution

- **Proposed renewal of authority for PPB Group Berhad to purchase its own ordinary shares up to 10% of the issued and paid-up share capital** (Resolution 11)

The text of the above resolution together with details of the Proposed Share Buy-back are set out in the Circular to Shareholders dated 22 April 2015.

(See Explanatory Note 4)

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

NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

Notice has been given on 27 February 2015 that subject to the approval of shareholders at the Annual General Meeting to be held on 13 May 2015, a final single tier dividend of 16 sen per share in respect of the financial year ended 31 December 2014 is payable on 29 May 2015 to members whose names appear in the Record of Depositors on 18 May 2015.

A Depositor shall qualify for entitlement in respect of :

- i) Shares transferred into the Depositor's securities account before 4.00 pm on 18 May 2015 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
22 April 2015

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 30 April 2015 shall be regarded as a member of the Company entitled to attend, speak and vote at the AGM.

EXPLANATORY NOTES

1. Re-appointment of Director pursuant to Section 129(6) of the Companies Act 1965

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

CONTINUED**NOTICE OF
ANNUAL GENERAL MEETING****SPECIAL BUSINESS****2. Authority to issue shares pursuant to Section 132D of the Companies Act 1965**

The proposed Ordinary Resolution 8 is to seek a renewal of the general authority for the issue of new ordinary shares in the Company 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 8, if passed, would enable the Company to avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

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

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

The proposed Ordinary Resolutions 9 and 10 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 22 April 2015 despatched together with the Company's 2014 Annual Report.

4. Proposed renewal of 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 11 is to enable the Company to purchase up to a maximum of 118,549,988 ordinary shares of RM1.00 each in the Company, 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 22 April 2015 despatched together with the Company's 2014 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) Datuk Ong Hung Hock
- b) Mr Soh Chin Teck
- c) 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 26 to 29 of the Annual Report.

Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 179 of the Annual Report.



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 46th Annual General Meeting of the Company to be held on Wednesday, 13 May 2015 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 2014 and the Reports of the Directors and Auditors thereon. | | |
| 2 | To approve the payment of a final single tier dividend. | | |
| 3 | To approve Directors' fees. | | |
| 4 | To re-elect Datuk Ong Hung Hock as a Director. | | |
| 5 | To re-elect Mr Soh Chin Teck as a Director. | | |
| 6 | To re-appoint Datuk Oh Siew Nam as a Director. | | |
| 7 | To re-appoint Mazars as Auditors of the Company. | | |
| 8 | To authorise the Directors to allot and issue shares. | | |
| 9 | 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. | | |
| 10 | To approve a shareholders' mandate for RRPTs with persons connected to Kuok Brothers Sdn Berhad. | | |
| 11 | 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 | % |
| Second Proxy | % |
| Total | 100% |
| No. of shares held | |

Signed this _____ day of _____ 2015.

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 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.

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PPB GROUP BERHAD

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

www.ppbgroup.com

PPB GROUP BERHAD (8167-W)

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

Tel: +603-2726 0088 Fax: +603-2726 0099