



LIVING LIFE

GRAINS & AGRIBUSINESS • CONSUMER PRODUCTS •
FILM EXHIBITION & DISTRIBUTION •
ENVIRONMENTAL ENGINEERING & UTILITIES • PROPERTY



PPB GROUP BERHAD

OUR BUSINESSES



GRAINS & AGRIBUSINESS



CONSUMER PRODUCTS



FILM EXHIBITION & DISTRIBUTION



ENVIRONMENTAL ENGINEERING & UTILITIES



PROPERTY

COVER RATIONALE

We're delivering experiences that enrich and nourish lives. This ambition brings together all of our divisions and brands under one umbrella to serve our customers and continue to create and innovate products and services that bring the joy of living life.



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.

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CORPORATE OBJECTIVES



CREATE VALUE FOR SHAREHOLDERS

To reward shareholders with sustainable and attractive dividends.



MAINTAIN SUSTAINABLE GROWTH

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



FOCUS ON CORE BUSINESSES

To enhance and expand our core operations and related businesses to capitalise on scale and integration for optimum cost-efficiency.



SECURE FUTURE GROWTH

To create new business opportunities through prudent and smart investment strategies in new and emerging areas as well as market segments both locally and regionally.



STRENGTHEN MARKET POSITION

To further strengthen our leadership position in our core businesses.



COMMIT TO CORPORATE SOCIAL RESPONSIBILITY

To embrace responsible corporate citizenship focused on generating economic returns with positive contributions to society.



CAPITALISE ON SYNERGIES

To synergise and leverage on the Group's individual operations to maximise overall output and strength.



CARE FOR THE ENVIRONMENT

To practise sensible and proper environment-friendly standards in our business operations in accordance with legal and regulatory requirements.



IMPROVE EFFICIENCY AND PRODUCTIVITY

To further drive operational effectiveness to ensure best-of-class operating standards.



PRACTISE GOOD CORPORATE GOVERNANCE

To observe optimum standards of transparency, accountability and integrity in our business practices and corporate performance.

OUR PROFILE



PPB GROUP BERHAD

Listed on the Main Market of Bursa Malaysia Securities Berhad, PPB Group Berhad was incorporated in Malaysia in 1968 and is engaged in investment holding and property investment.

PPB owns and manages several retail/commercial properties comprising a shopping complex, Cheras LeisureMall, and an office building, Cheras Plaza in Taman Segar, Kuala Lumpur as well as New World Park and the Whiteaways Arcade in Georgetown, Penang. PPB Hartabina Sdn Bhd and PPB Property Development Sdn Bhd, wholly-owned subsidiaries of PPB, carry out property development and project management services respectively for projects undertaken/owned by PPB group companies and affiliates.

PPB Group's main core contributor, the Grains and Agribusiness segment comprises flour and animal feed milling; grains trading and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of five flour mills in the country, two in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in nine associates in China with a combined flour milling capacity of 14,950 mt per day. Under the Consumer Products segment, the Group moved into downstream activities including food processing, bakery, marketing and distribution of edible oils and consumer products as well as manufacturing of toiletries and household products.

For the Film Exhibition and Film Distribution segment, Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 302 screens in 33 locations nationwide, capturing more than 40% of domestic box office collections.

PPB's strategic acquisitions and business ventures over the years have enabled it to successfully diversify its businesses to include the Environmental Engineering and Utilities segment led by the Chemquest Group in which PPB has 55% equity interest. This segment provides water engineering, sewage treatment, solid waste management and flood mitigation services.

As one of the largest shareholders, PPB owns 18.6% equity interest in one of Asia's largest integrated agribusiness groups, Wilmar International Limited (Wilmar) which has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.

Since incorporation, PPB Group has grown into a major conglomerate with assets and market capitalisation totaling RM21.93 billion and RM18.85 billion respectively as at 31 December 2015.

PPB Group currently has operations in Malaysia, China, Vietnam, Indonesia, Myanmar, Thailand and Singapore with more than 4,000 employees in the Malaysian operations.

GRAINS & AGRIBUSINESS



*Enriched with
Passion & Quality*



FLOUR MILLING

FFM Group operates five flour mills in Malaysia with a total milling capacity of 2,550 mt/day. Overseas, FFM Group operates two flour mills in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in nine associates in China engaged in flour milling.



ANIMAL FEED MILLING

FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total feed milling mixing capacity of 145 mt/hour.



LIVESTOCK FARMING

To complement the Group's animal feed milling operations, FFM Farms Sdn Bhd operates 2 broiler breeder farms with a combined production capacity of 3.1 million broiler chicks per month, and a layer farm with a monthly production capacity of 19 million eggs.

CONSUMER PRODUCTS



*Enhancing the
Quality of Life*



CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd (FMSB) 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. FMSB has 12 warehouses with a total warehousing capacity of 300,000 sq ft.



BAKERY

The Italian Baker Sdn Bhd operates a state-of-the art baking plant in Pulau Indah with four fully automated production lines using the latest American and European technology. The production lines comprise 10,000 loaves-per-hour and 6,000 loaves-per-hour bread lines; a 24,000 rolls-per-hour line and a 15,000 pieces-per-hour cake line.



FOOD PROCESSING

FFM Further Processing Sdn Bhd (FFP) produces an extensive range of frozen foods under the “Marina” and “Seri Murni” brands with a total frozen food production capacity of 600 mt/month. FFP operates two production lines comprising a 1,000-kg/hour nugget and patty form food line, and a 450-kg/hour sausage line.

FILM EXHIBITION & DISTRIBUTION



*Ultimate Cinema
Experience*



FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia. It operates the largest cinema chain in the country with 302 screens totaling 51,538 seats at 33 locations in major cities nationwide. In Vietnam, the Group operates at 6 locations with a total of 30 screens and 5,761 seats.



FILM DISTRIBUTION

GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to pay and free television, over-the-top platforms 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. GSC Movies distributed a total of 106 films in 2015.



ENVIRONMENTAL ENGINEERING & UTILITIES



*Driven by
Innovation*

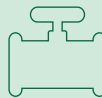
CWM Group provides holistic solutions, advanced technologies and professional management services in water, sewage, solid waste and drainage sectors and has a track record of more than 100 projects with a combined contract value in excess of RM1.2 billion.

Its services include the following:



WATER ENGINEERING

Design, construct, operate and maintain municipal water supply facilities covering intake, pump stations, treatment, delivery and supply network.



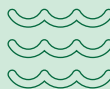
SEWAGE TREATMENT

Design, construct, operate and maintain centralised sewage treatment plants and sludge treatment plants for the sewage authorities. Design and construct sewer network and network pump stations. Harvest biogas from sludge using anaerobic digestion for power generation.



SOLID WASTE MANAGEMENT

Collect and dispose of commercial, industrial and residential wastes on a large scale for various corporate clients and municipalities. Own, operate and manage sanitary landfills in Selangor.



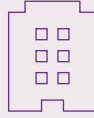
FLOOD MITIGATION

Provide turnkey solutions for township flood mitigation schemes.

PROPERTY



*Building Your Dream
Into Reality*



INVESTMENT PROPERTIES

PPB owns and manages four 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



PROPERTY DEVELOPMENT

PPB Hartabina Sdn Bhd is engaged in property development and is currently developing 14 units of bungalows at Taman Tanah Aman, Bukit Tengah, Seberang Prai.



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 Taman Molek, Johor Bahru

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

*"The group is well-positioned to weather the challenging economic environment
and pursue investment opportunities that will further enhance shareholder value"*



CHAIRMAN'S STATEMENT

GROUP RESULTS

We are pleased to present another year of revenue growth. The Group achieved a 9% revenue increase to RM4.05 billion (FY2014: RM3.70 billion) with higher contributions from the Grains and Agribusiness; Film Exhibition and Distribution; and Environmental Engineering and Utilities segments.

Profit before tax increased by 15% to RM1.18 billion (FY2014: RM1.03 billion) largely due to higher contribution from the Grains and Agribusiness segment plus a foreign exchange translation gain on PPB's share of results of its associate, Wilmar International Limited (Wilmar), which are reported in US Dollars. Higher profits from Investments and Other Operations also contributed to the improved performance.

Profit attributable to shareholders was RM1.05 billion, which translates to increased earnings per share of 88.68 sen (FY2014: 77.33 sen).

Building on these positive results, the Group's financial position has been augmented with shareholders' funds registering an increase of 18.4% to RM19.92 billion, which translates to net assets per share of RM16.80.

With a low debt-to-equity ratio of 3.5%, the Group is well-positioned to weather the challenging economic environment and pursue investment opportunities that will further enhance its shareholder value.

DIVIDENDS

The Board recommends the payment of a final single tier dividend of 17 sen per share. Taken together with the interim single tier dividend of 8 sen per share, the total dividend for FY2015 would be 25 sen per share, or RM296 million.

Subject to shareholders' approval at the forthcoming 47th Annual General Meeting, the proposed final dividend is payable on 25 May 2016.

2015 REVENUE
RM

4.05

BILLION

PROFIT BEFORE TAX
RM

1.18

BILLION

RIDING ON THE
REVENUE GROWTH,
MOST OF THE CORE
SEGMENTS
**REGISTERED
BETTER RESULTS**



CHAIRMAN'S STATEMENT

OVERVIEW OF OPERATIONS



Grains and Agribusiness

The segment recorded improved revenue of RM2.71 billion (FY2014: RM2.47 billion) due to higher flour sales volume in Vietnam and Indonesia and increased feed sales volume in Malaysia. Profits, too, registered a marked increase of 33.3% to RM260 million (FY2014: RM195 million) as the segment benefitted from net foreign exchange translation gains and improved margins. The feed division recorded higher profit from increased sales volume and better profit margins as a result of lower raw material costs.

FY2015 recorded several capacity enhancements and new installations in the domestic and international markets for this segment's flour milling, animal feed milling and livestock farming activities.

The Group acquired 2.3 hectares of land including an animal feed complex adjacent to its current premises in Pasir Gudang in 2014. Its feed mill operations have been relocated to this complex and upgraded to include an additional pelleting line to increase total pelleting capacity to 18,000 mt/month. In its place, the construction of a new 500 mt/day flour mill is currently underway which will improve efficiency and capacity of its Johor operations when completed in 3Q2017. The current milling capacity of the flour mill in Pasir Gudang is 750 mt/day.

FFM Berhad in Pulau Indah completed the construction of an additional silo to increase grain storage capacity by 24,400 mt and upgraded its animal feed milling plant to increase the pelleting capacity by 3,000 mt/month.

In Indonesia, PT Pundi Kencana purchased a 1,846 m² building to be used as their Innovation and Excellence Centre. The centre, which is expected to open in July 2016, represents the Group's commitment towards improving service and flour quality. Our aim is to set new industry standards and further differentiate ourselves from our competitors.

In northern Vietnam, VFM-Wilmar Flour Mills Co Ltd commenced operations of its new flour mill in Quang Ninh with a wheat milling capacity of 500 mt/day in February 2015. Vietnam Flour Mills Ltd, in the south is expanding its production capacity from 550 mt/day to 1,050 mt/day, which is expected to be completed by the end of 2Q2017 to capture increasing demand and market share.

For livestock farming, a male house has been constructed at the Group's Sua Betong breeder farm facility to improve egg fertility. This farm has also taken over management of the oil palm plantation at Trong in July 2015 and planted almost 700 oil palm seedlings in a vacant area nearby to generate additional future income.

CHAIRMAN'S STATEMENT

Consumer Products

Consumer Products posted a marginal decrease in revenue to RM591 million (FY2014: RM600 million) due to the discontinuance of an agency product and lower revenues from certain agency products. The lower revenue coupled with higher staff costs and depreciation charges resulted in lower segment profits of RM25 million (FY2014: RM32 million).

For the year under review, several developments occurred in this segment's business activities, which are marketing and distribution of consumer products, bakery and food processing.

In March 2015, The Italian Baker Sdn Bhd was accredited with the Hazard Analysis Critical Control Point (HACCP) and Good Manufacturing Practice (GMP) certifications. The bakery was also awarded the Silver Medal at the Putra Brand Awards in the foodstuff category. We expanded into the East Malaysian market in May 2015 with the distribution of Massimo's Chiffon in a Cup.

The *Love You Mom* campaign for Massimo's Chiffon in a Cup took place from 22 April 2015 to 8 May 2015 in conjunction with Mother's Day. Three radio stations, ERA FM, MY FM and Hitz FM, encouraged listeners to express their love and honour their mothers, and the campaign was a hit with listeners.

Food processing realised plans to increase the formed food production output from 600 kg/hour to 1,000 kg/hour during the year. Capital expenditure for this expansion phase totaled RM3.3 million and resulted in higher output and a wider range of quality products for consumers. In addition, the fully-cooked line and range expansion are in progress, with commissioning and production expected in 2Q2016. With this new line, raw meat can be fully cooked, thereby enabling entry into markets that require full heat treatment before import and supplying to quick service restaurants.



A 24,000 rolls-per-hour line at our bakery in Pulau Indah

CHAIRMAN'S STATEMENT



GSC Klang Parade cinema was opened in June 2015

Film Exhibition and Distribution

Driven by the opening of five new cinemas in 2015 combined with stronger Chinese New Year and summer blockbuster movies, revenue grew 17% to RM436 million (FY2014: RM371 million). Segment profit improved by 8% over the previous year to RM66 million from higher admissions, concession sales and screen advertising income. Higher film distribution profit also contributed to the better performance.

Golden Screen Cinemas Sdn Bhd (GSC) achieved a record opening of five new multiplexes in 2015 adding 53 screens to its circuit. These cinemas, in chronological order, are GSC Nu Sentral, Kuala Lumpur; GSC Ipoh Parade, Ipoh; GSC IOI City Mall, Putrajaya; GSC Klang Parade, Klang; and GSC Aman Central, Alor Setar. To date, GSC operates 302 screens in 33 locations in Malaysia.

GSC continues to push the envelope with the latest audio and visual technology to provide the best cinematic experience. Following good response from moviegoers, GSC extended the Dolby Atmos 3D surround sound technology to additional cinemas and as at 31 December 2015, Dolby Atmos is available in 16 screens across 15 locations. D-Box motion seats, the first in Malaysia, were introduced in GSC 1 Utama in 2014 and due to its popularity have now been extended to GSC Gurney Plaza, GSC Pavilion KL and GSC IOI City Mall.

Recognising the significant growth potential in the cinema industry in Vietnam, the Group increased its equity interest in Galaxy Studio Joint Stock Company from 25% to 40% in 4Q2015. The Group has also incorporated Golden Screen Cinemas (Cambodia) Co. Ltd for the development and operations of cinemas in Cambodia on a joint venture basis, with the first 9-screen cinema opening in Phnom Penh in 3Q2016.

CHAIRMAN'S STATEMENT

Environmental Engineering and Utilities

The year 2015 was one of significant performance growth for the environmental engineering and utilities segment with revenue increasing by 83.4% to RM255 million. The higher revenue can be attributed to the increased number of engineering projects secured and the progressive recognition of revenue of these projects, in particular those which have been completed or at their final stages of construction. Total segment profits increased from RM5.3 million in FY2014 to RM10.6 million in FY2015 on the back of the division's improved revenue.

During the year under review, this segment registered a major market presence in sewage network pump station (NPS) projects with 12 NPS contracts secured to-date. With 14 projects in hand, the segment's order book as of 31 December 2015 stood at RM206 million.

Property

Rental of investment properties proved to be the major contributor to this segment's revenue of RM65 million for FY2015, which recorded a marginal decrease from the year before, due to lower occupancy rates. Property development posted lower revenue from progress billings of its bungalow sales in Seberang Perai Tengah, in comparison with FY2014's progress billings on delivery of vacant possession for the Masera bungalows in Kuala Lumpur. However, higher fee income from project management and marketing activities helped cushion the lower segment revenue. In line with the lower revenue, segment profit decreased to RM25 million (FY2014: RM38 million).

In Johor, Southern Marina Development Sdn Bhd (SMD), a joint venture between Kuok Brothers Sdn Bhd, PPB Group Berhad and Khazanah Nasional Berhad, is developing a 12.5-acre of freehold land at Puteri Harbour, Nusajaya, into a mixed development. The development comprises two deluxe apartment towers, premium condominium tower, serviced apartment tower, serviced office block and retail complex. In 2015, SMD officially launched Phase 1 of the Southern Marina Residences comprising 456 condominium units with an estimated GDV of RM650 million.



The living room of a Southern Marina Residences show unit

CHAIRMAN'S STATEMENT



FFM's flour mill in Pulau Indah, Selangor

Investments and Other Operations

The combined segment revenue decreased by 26% to RM141 million (FY2014: RM190 million). Revenue from the chemicals trading and manufacturing business was lower due to tightened credit control policies. The packaging business recorded lower revenue with the relocation of the packaging production facilities from Malaysia to Myanmar. Lesser dividend income received from quoted investments and discontinuance of the shipping business also led to lower revenue.

However, the segment posted a profit of RM12 million compared with a loss of RM18 million in FY2014. The better result was due to a gain of RM5.3 million from the liquidation of a subsidiary during the year as well as favourable foreign exchange gains from export sales which had contributed to higher profits in the chemical trading and manufacturing business as well as lower losses in the packaging business.

THE BOARD'S COMMITMENT

The Board continues to uphold and implement high standards of corporate governance throughout the Company. Details of our corporate governance initiatives and internal control policies are in the relevant sections of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Group is cognisant of its responsibilities to all stakeholders, and that it cannot only focus on maximising company profits. Rather, it must balance its economic considerations and desire to perform with positive and sustainable actions that would also benefit society and the environment. This is a long-term pursuit, guided by the Group's core values and strategic decision-making of the Board.

During the year under review, the Group carried out various corporate social responsibility projects, which are elaborated in further detail in a dedicated Corporate Sustainability Statement on pages 50 to 59 of this Annual Report.

CHAIRMAN'S STATEMENT

PROSPECTS AND CHALLENGES FOR 2016

The Malaysian economy is facing a challenging operating environment in 2016. The forecast for Malaysia's GDP growth is between 4% – 5% and growth will continue to be driven by domestic demand with some support from net exports.

Private consumption is expected to moderate as consumer sentiments are affected by the drop in oil prices, higher cost of living, weak Ringgit, reduced household credit and labour retrenchments. The downside risks to growth remain given the continued uncertainty in the external environment and on-going reforms in the domestic economy.

As such, 2016 looks to be a tough year for the nation and the Group. Be that as it may, the Group expects its core operations to be resilient in view of our established market position in the Grains and Agribusiness segment as well as our extensive distribution network in the Consumer Products segment. The Film Exhibition and Distribution division is expected to perform well with the strong line-up of films in the year and newly-opened cinemas. Overall, the Group will continue to benefit from improvements to its operational efficiency, range of quality products, and capacity expansion both domestically and regionally.

The Group expects that its flour milling operations will meet the increased demand stemming from Indonesia's projected 3% – 5% growth in annual per capital flour consumption. Focus will also be given to improve distribution and market reach of anchor brands to improve the overall sales mix and average sales. In Vietnam, the flour industry is in consolidation and we are conscientiously improving operational efficiency and market share. The animal feed milling landscape is expected to undergo a radical shift as intra-ASEAN trade will incur zero tariffs and the local poultry industry is expected to undergo increased vertical integration and consolidation. The Group is well positioned to offer products and services that enjoy economies of scale. Livestock Farming will carry out continued cost and productivity optimisations.

It is expected to be challenging for the Consumer Products segment as consumers are feeling the strain from the higher cost of living brought about by the goods and services tax and removal of subsidies. Nevertheless, business activities will be focused on the active pursuit of opportunities from both internal and external sources, with a focus on export trade and expansion into the food services sector by the frozen food business. The Bakery division

will introduce new products in Q1 and Q2 of 2016, which should enable it to increase its market share. Food Processing will be promoting new and innovative products to capture consumer interest. Efforts to increase the customer base will include the food services sector and exports to neighbouring countries.

The Group's Film Exhibition and Distribution segment will be bolstered by the opening of four additional screens at GSC's flagship at Mid Valley, taking its screen total to 21. In the pipeline, GSC has plans to open eight new cinemas throughout Malaysia in the next two years. Galaxy Studio's expansion programme of opening four to five new cinemas annually in Vietnam should also increase contribution to Group profits.

Environmental Engineering and Utilities will continue to focus on its core competencies in water, sewage and flood mitigation projects. For 2016, this segment will be faced with lower revenue reflecting the current projects in hand.

The Property segment is proceeding with work on several development plans namely at Taman Megah, Petaling Jaya and New World Park in Penang. The segment will also continue its concerted efforts to improve the yields of its investment properties.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders, customers, business partners and other stakeholders for their support and confidence in the Group. The Board also extends its appreciation 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.

Tan Sri Datuk Oh Siew Nam

Chairman

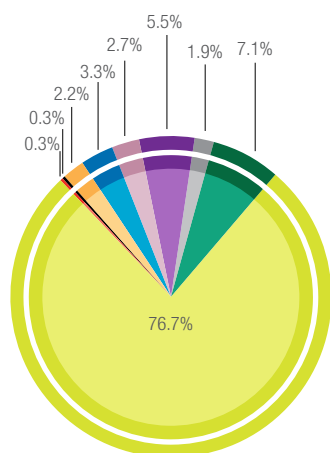
24 March 2016

GROUP FINANCIAL HIGHLIGHTS

		2015 RM Million	2014 RM Million	% Change
INCOME STATEMENT				
Revenue		4,048	3,701	9.4
Profit before tax		1,181	1,028	14.9
Profit for the year		1,076	939	14.6
Profit attributable to owners of the parent		1,051	917	14.6
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		19,917	16,821	18.4
Total equity		20,553	17,381	18.2
RATIOS				
Return on net assets attributable to owners of the parent	(%)	5.28	5.45	
Earnings per share	(sen)	88.68	77.33	
Interest coverage	(times)	40.37	49.95	
Current ratio	(times)	2.52	2.48	
Total borrowings/Equity	(%)	3.54	3.18	
Long-term borrowings/Equity	(%)	0.54	0.36	
Net assets per share attributable to owners of the parent	(RM)	16.80	14.19	
Operating cash flow per share	(sen)	31.11	18.47	
PE ratio	(times)	17.93	18.49	
Net dividend per share	(sen)	25.00	23.00	
31 December closing price	(RM)	15.90	14.30	

SIMPLIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

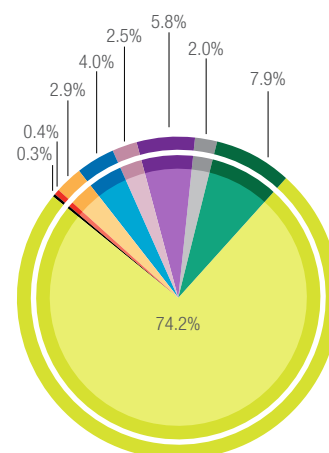
ASSETS



2015

NON-CURRENT ASSETS

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

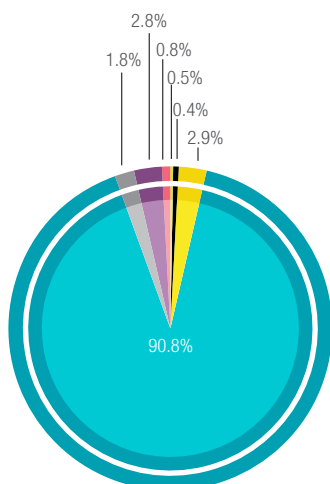


2014

CURRENT ASSETS

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

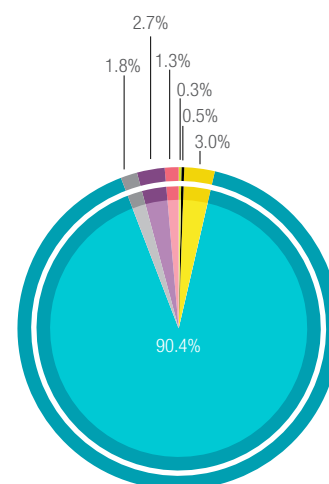
EQUITY & LIABILITIES



2015

NON-CURRENT LIABILITIES & EQUITY

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



2014

CURRENT LIABILITIES

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

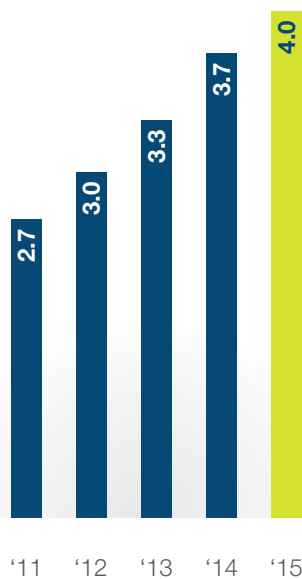
5-YEAR GROUP FINANCIAL STATISTICS

Year ended 31 December		2015	2014	2013	2012	2011
Revenue	RM Million	4,048	3,701	3,313	3,018	2,711
Share of net profits less losses of associates	RM Million	790	719	786	713	815
Profit before tax	RM Million	1,181	1,028	1,063	917	1,057
Profit for the year	RM Million	1,076	939	991	868	1,013
Net dividend for the financial year	RM Million	296	273	296	237	273
Issued share capital	RM Million	1,186	1,186	1,186	1,186	1,186
Equity attributable to owners of the parent	RM Million	19,917	16,821	15,653	14,271	14,062
Total equity and liabilities	RM Million	21,926	18,605	17,065	15,579	15,199
Earnings per share	Sen	88.68	77.33	82.88	71.04	82.70
PPB Share Price – Closing						
Year high	RM	16.20	16.68	16.14	17.72	17.96
Year low	RM	13.80	13.46	12.00	11.18	15.76
Year close	RM	15.90	14.30	16.14	11.60	17.16
Number of shareholders		9,236	9,868	10,242	11,817	9,537

5-YEAR GROUP FINANCIAL STATISTICS

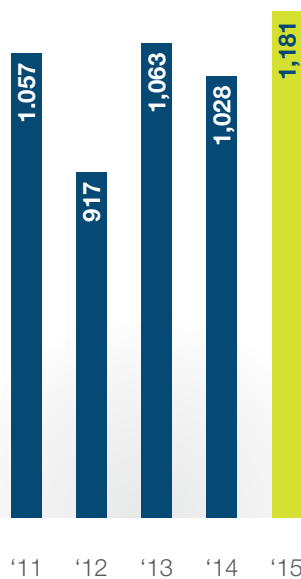
REVENUE

RM4.05 BILLION



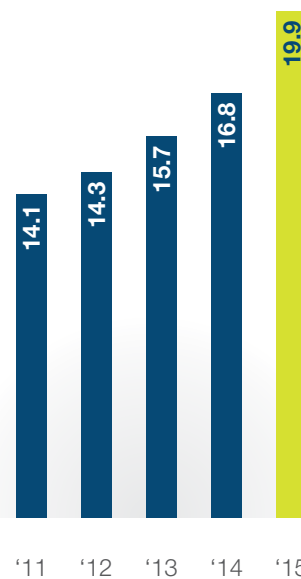
PROFIT BEFORE TAX

RM1,181 MILLION



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

RM19.92 BILLION



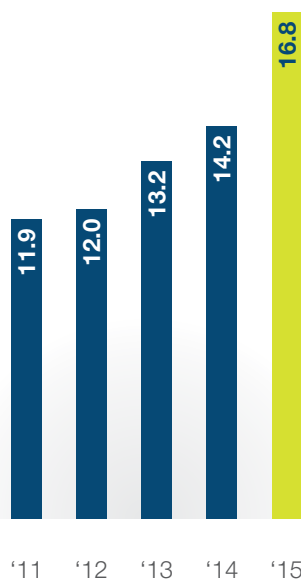
EARNINGS PER SHARE

RM88.7 SEN



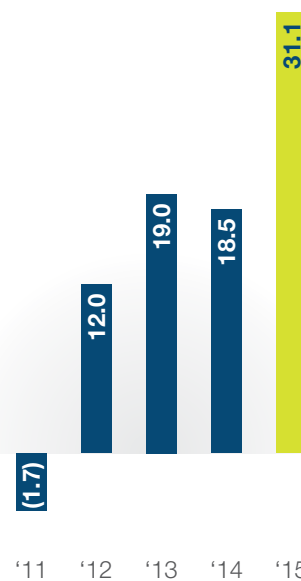
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

RM16.8



OPERATING CASH FLOW PER SHARE

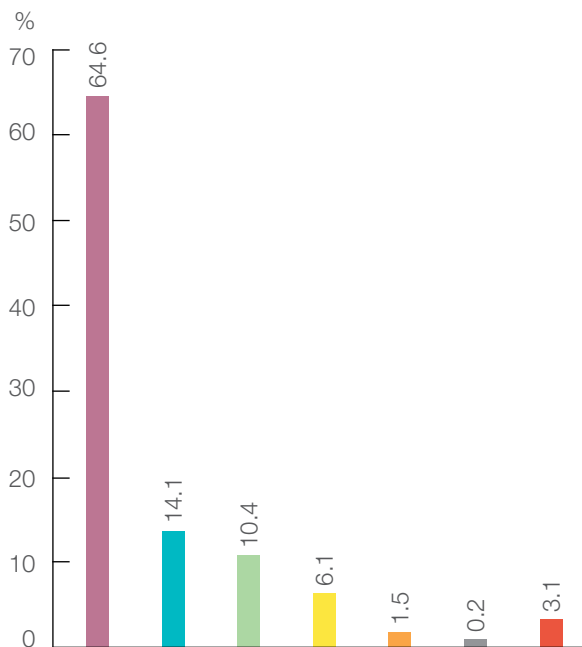
31.1 SEN



SEGMENTAL ANALYSIS

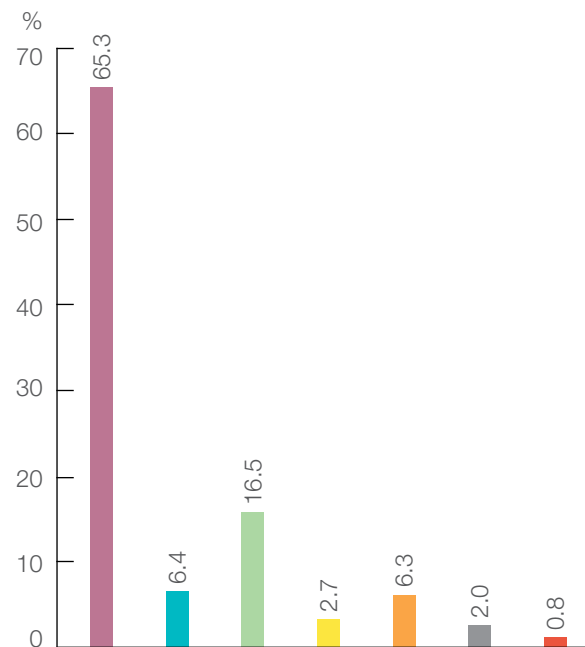
REVENUE

RM4.05 BILLION



PROFITS

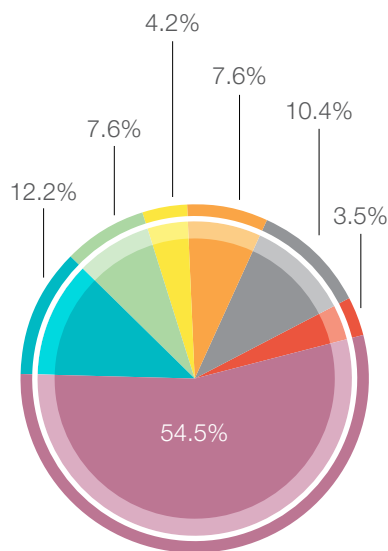
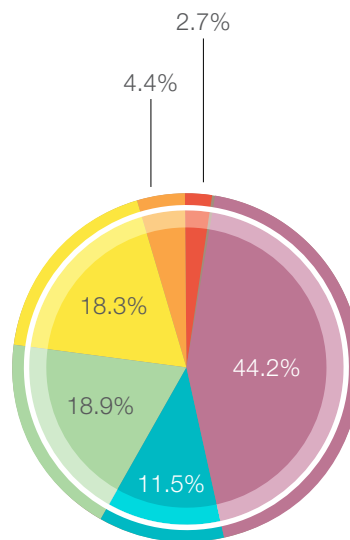
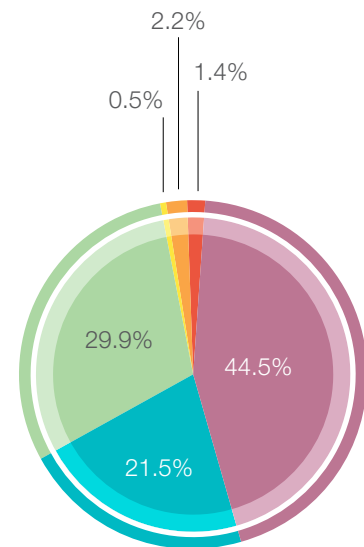
RM398.8 MILLION



- Grains & agribusiness
- Consumer products
- Film exhibition & distribution
- Environmental engineering & utilities

- Property
- Investments in equities
- Other operations

SEGMENTAL ANALYSIS

ASSETS
RM4.10 BILLION

LIABILITIES
RM529.6 MILLION

CAPITAL EXPENDITURE
RM174.6 MILLION


- Grains & agribusiness
- Consumer products
- Film exhibition & distribution
- Environmental engineering & utilities

- Property
- Investments in equities
- Other operations

DIRECTORS' PROFILES

TAN SRI DATUK OH SIEW NAM

Age: 77
Chairman

Non-independent Non-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

MR LIM SOON HUAT

Age: 51
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

DIRECTORS' PROFILES

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 45 years experience in the international maritime industry.

Other directorships in public companies

- WCT Holdings Berhad
- Malaysian Bulk Carriers Berhad
- GD Express Carrier Berhad

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

Age: 66

Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit 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.
- Managing Director of FFM Marketing Sdn Bhd ("FMSB") from 1998 to 2008, and Executive Chairman from 2008 to 2011. 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

DATUK ONG HUNG HOCK

Age: 62

Non-independent Non-executive Director
Member of Nomination Committee



DIRECTORS' PROFILES

MR SOH CHIN TECK

Age: 58

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 audit 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

Age: 55

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

DIRECTORS' PROFILES

Date of Appointment

25 July 2013

Qualifications and experience

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

Other directorships in public companies

- JAB Capital Berhad
- MPI Generali Insurans Berhad (*formerly known as Multi-Purpose Insurans Berhad*)

MADAM TAM CHIEW LIN

Age: 65

Non-independent Non-executive Director
Member of Audit Committee
Member of Remuneration Committee



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 MANAGEMENT TEAM



3

4

2

1

6

7

5

GROUP MANAGEMENT TEAM

1

LIM SOON HUAT

Please refer to page 30

4

KOH MEI LEE

Chief Executive of Golden Screen Cinemas Group & Head of Corporate Affairs of PPB Group Berhad
Year of joining PPB Group: 1990

Age: 50

Qualifications and Experience:

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

6

LEONG CHOY YING

Chief Financial Officer of PPB Group Berhad
Year of joining PPB Group: 2004

Age: 50

Qualifications and Experience:

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

2

DATUK ONG HUNG HOCK

Please refer to page 31

5

CHEW HWEI YEOW

Chief Operating Officer (Properties) of PPB Group Berhad & Director of PPB Property Development Sdn Bhd
Year of joining PPB Group: 2013

Age: 53

Qualifications and Experience:

- Bachelor of Engineering, University of Adelaide, South Australia.
- Experience in diverse industries namely, trading, property, hotel and construction prior to joining PPB Group.

7

MAH TECK KEONG

Company Secretary of PPB Group Berhad
Year of joining PPB Group: 1989

Age: 53

Qualifications and Experience:

- Associate member of The Malaysian Institute of Chartered Secretaries and Administrators.
- Oversees the corporate secretarial matters of PPB and its subsidiaries, and affiliated companies.

3

LEONG YEW WENG

Managing Director of Chemquest Sdn Bhd
Year of joining PPB Group: 1993

Age: 56

Qualifications and Experience:

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Liverpool.
- Masters of Business Administration from Brunel, University of London.
- Registered Professional Engineer (PE) with Board of Engineers.
- Member of the Malaysian Institute of Engineers.
- Attached with Behn Meyer and Esso Production Malaysia Inc in the early 1980s. Held numerous management positions and served overseas assignments in Europe and Asia.
- Joined the Group as CEO of CWM Group Sdn Bhd in 1993.
- Appointed as Managing Director of Chemquest Sdn Bhd since May 2005.
- Has accumulated more than 30 years of experience in engineering, procurement and construction, business development and corporate management in the Power, Oil & Gas, Infrastructure, Utilities and Environmental Engineering industries.

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2016



PPB GROUP BERHAD



GRAINS & AGRIBUSINESS

FFM Berhad (Investment holding, grains trading, flour and feed milling, and bakery)	80%
Waikari Sdn Bhd (Investment holding)	100%
Johor Bahru Flour Mill Sdn Bhd	100%
FFM Grains & Mills Sdn Bhd (formerly known as FFM Flour Mills (Sarawak) Sdn Bhd)	100%
Vietnam Flour Mills Limited	100%
VFM-Wilmar Flour Mills Co Limited	51%
PT Pundi Kencana	51%
Kerry Flour Mills Limited (Flour milling)	43.4%
Johor Bahru Flour Mill Sdn Bhd	100%
FFM Grains & Mills Sdn Bhd (formerly known as FFM Flour Mills (Sarawak) Sdn Bhd)	100%
FFM (Sabah) Sdn Bhd	100%
FFM Feedmills (Sarawak) Sdn Bhd (Animal feed milling)	100%
FFM Farms Sdn Bhd (Livestock farming)	100%



CONSUMER PRODUCTS

FFM Marketing Sdn Bhd (Consumer products distribution)	100%
FFM Further Processing Sdn Bhd (Food processing)	100%
The Italian Baker Sdn Bhd (Bakery)	100%
Products Manufacturing Sdn Bhd (Contract manufacturing)	70%



ENVIRONMENTAL ENGINEERING & UTILITIES

Chemquest Sdn Bhd (Investment holding and trading)	55%
CWM Group Sdn Bhd	100%
Cipta Wawasan Maju Engineering Sdn Bhd (Environmental engineering and utilities)	70%
AWS Sales & Services Sdn Bhd	80%
Sitamas Environmental Systems Sdn Bhd	70%
Worldwide Landfills Sdn Bhd (Waste management)	40%
Chemquest (Overseas) Limited	100%
Beijing KVV Wastewater Technology Company Ltd (Investment holding)	51%



INVESTMENTS & OTHER OPERATIONS

Wilmar International Limited (Integrated agribusiness)	18.6%
Masuma Trading Company Limited (Investment holding)	100%
Malayan Adhesives & Chemicals Sdn Bhd (Chemicals manufacturing)	99.6%
Tego Sdn Bhd (Trading of polybags)	79.9%

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2016



PROPERTY

PPB Property Development Sdn Bhd (Project and property management, and marketing services)	100%
PPB Hartabina Sdn Bhd (Property development)	100%
South Island Mining Company Sdn Bhd (Investment holding)	100%
Seletar Sdn Bhd (Property development)	100%
Cathay Screen Cinemas Sdn Bhd (Property investment)	100%
Shaw Brothers (M) Sdn Bhd (Property investment and development)	34%
Huge Quest Realty Sdn Bhd (Investment holding)	40%
Southern Marina Development Sdn Bhd (Property development)	70%



FILM EXHIBITION & DISTRIBUTION

PPB Leisure Holdings Sdn Bhd (Investment holding)	100%
Golden Screen Cinemas Sdn Bhd (Cinema operations)	100%
GSC Movies Sdn Bhd (Film distribution)	100%
Cinead Sdn Bhd (Screen advertising)	100%
Glitters Café Sdn Bhd (Café operator)	100%
Berjaya-GSC Sdn Bhd (Cinema operations)	50%
GSC Vietnam Limited (Investment holding)	100%
Galaxy Studio Joint Stock Company (Cinema operations and film distribution)	40%
GSC Cambodia Limited (Investment holding)	100%
Easi (M) Sdn Bhd	60%
Easi Ticketing Sdn Bhd (IT services)	100%

Notes:

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Oh Siew Nam
Chairman
Non-independent Non-executive Director

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

Tan Sri 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

CORPORATE GOVERNANCE STATEMENT

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

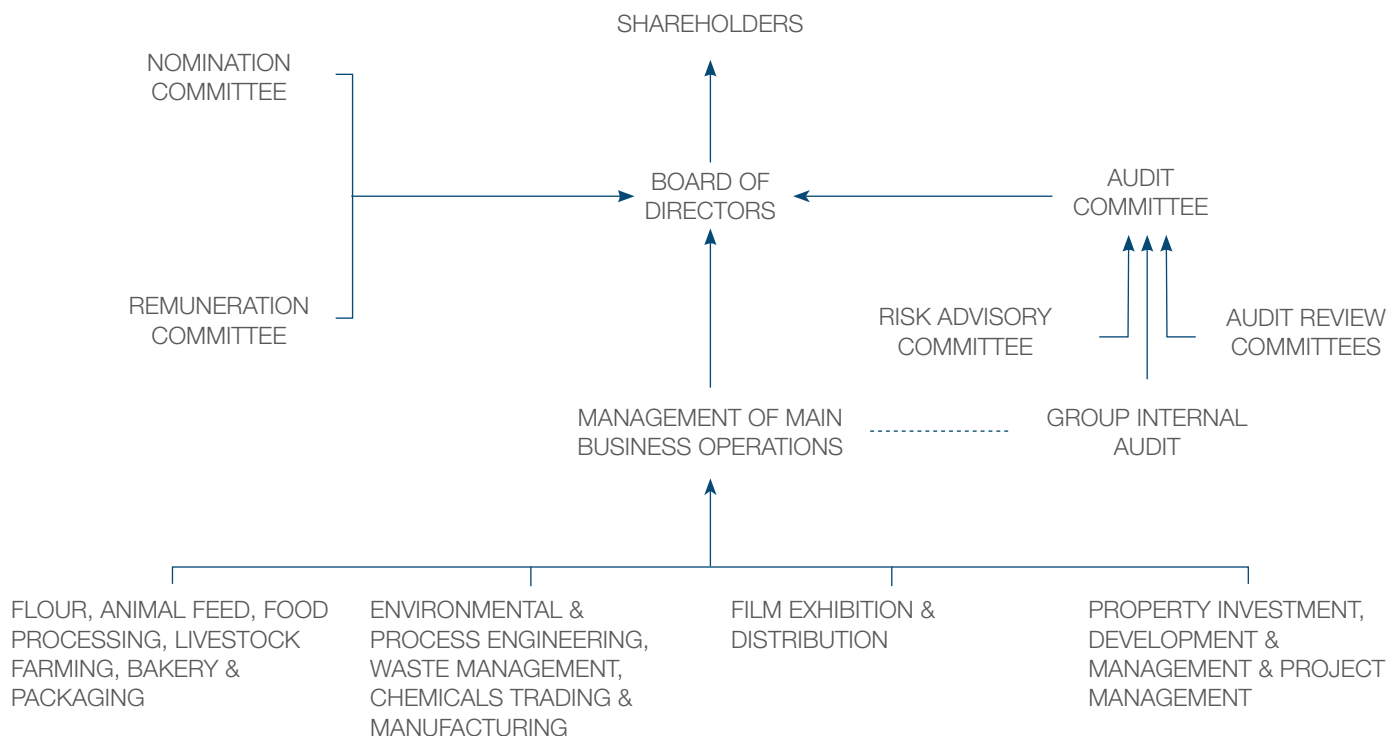
The Board especially recognises that good corporate governance encompasses four key areas namely transparency, accountability, integrity and corporate performance.

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

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

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

CORPORATE GOVERNANCE STRUCTURE



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; and
- 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 implementing corporate strategies adopted by the Board. The Non-executive Directors 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 adopted an updated charter in 2014 which sets out 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.

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. There is a Company-wide code of ethics and code of conduct, including a whistle-blowing policy which is incorporated in the employee handbook.

BOARD COMPOSITION

There are seven Directors on the Board, presently comprising one executive Director and six 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 effective oversight of the Group's diversified businesses. The Directors' profiles are presented on pages 30 to 33 of this Annual Report.

The Company does not at present have formal policies on gender, ethnicity or age. The Board is of the opinion that it is important to recruit and retain the best available talent to optimise 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.

CORPORATE GOVERNANCE STATEMENT

BOARD COMMITTEES

The three Board Committees assist the Board in its oversight functions. The functions of the Committees are governed by their respective 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

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

Audit Committee

All three members of the Audit Committee ("AC") are Non-executive Directors, of whom two are independent. They are Mr Soh Chin Teck (Chairman), Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (both Independent) and Madam Tam Chiew Lin.

The principal functions of the AC include the following:

- Ensure that the financial statements comply with applicable financial reporting standards, and to assess the suitability and independence of external auditors.
- Assess the effectiveness of the Group's enterprise-wide risk management and internal control framework.

The summarised terms of reference of the AC, together with a description of the AC's activities during the year are set out in the Audit Committee Report on pages 46 and 47 of the Annual Report.

Nomination Committee

The Nomination Committee ("NC") comprises exclusively of 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.

The activities of the NC during the year included the following:

- Reviewed the structure, size and composition of the Board.
- Reviewed the required mix of knowledge, expertise, experience and other qualities of the Directors necessary to carry out their duties and responsibilities.
- Assessed the effectiveness of the Board as a whole, the committees of the Board and the performance and contribution of the Directors.

- Recommended to the Board candidates for re-election and re-appointment by the shareholders.

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. The NC held one meeting during the financial year ended 31 December 2015.

Remuneration Committee

The members of this Committee are Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman, and independent Director), Tan Sri Datuk Oh Siew Nam and Madam Tam Chiew Lin. The Remuneration Committee ("RC") held two meetings during the financial year ended 31 December 2015.

The principal functions of the RC during the year were as follows:

- Reviewed the remuneration packages of executive Directors which reflect market rates, sustained individual performance, job responsibilities and the Group's performance.
- Recommended 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 if required or when decisions on urgent matters are required between scheduled meetings.

During the year ended 31 December 2015, the Board met five times and the record of the attendance of each Director is set out below:

Name of Director	Number of meetings attended	% of attendance
Tan Sri Datuk Oh Siew Nam	5	100
Lim Soon Huat	5	100
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	100
Datuk Ong Hung Hock	5	100
Soh Chin Teck	5	100
Ahmad Riza bin Basir	5	100
Tam Chiew Lin	5	100

CORPORATE GOVERNANCE STATEMENT

SUPPLY OF INFORMATION

The Chairman plays a key role to ensure that Directors have full and timely access to information. Directors are provided with an agenda and board papers issued in sufficient time prior to Board meetings to ensure that they can appreciate the issues to be 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 opinions and advice from external consultants including investment bankers, valuers and financial advisers. The Directors are also updated by the Company Secretary on statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

STRENGTHEN COMPOSITION

The Board strives to achieve a balance of skills, experience, diversity and perspective amongst its Directors. A review of the size and composition of the Board is conducted annually, taking into consideration the required mix of skills, competencies and experience relevant to the PPB Group businesses. The Board's performance is assessed every year, including an assessment of the independent Directors. The Board assessment 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.

The executive Directors' 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 Non-executive Directors' remuneration 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 2015 are as follows:

Figures in RM'000	Executive Directors	Non-executive Directors
Salary	1,620	924
Fees	20	380
Meeting allowances	1	62
Bonus	3,200	1,300
Benefits-in-kind	63	49
Employees	327	134
Provident Fund		
Total	5,231	2,849

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

	Executive Directors	Non-executive Directors
RM50,000 – RM100,000	-	3
RM100,001 – RM150,000	-	1
RM2,400,000 – RM2,450,000	1	-
RM2,450,000 – RM2,500,000	-	1
RM2,800,000 – RM2,850,000	1	-

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

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 enhance 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 more 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 2015. The topics selected are based on subjects which are relevant to the needs of the Group and the Directors, and comprised the following:

- Update on Malaysian and regional economies
- Adapt or Fail – a presentation on the importance of businesses anticipating, understanding and adapting to the changing environment and circumstances
- Update on Wilmar International Limited
- Goods & Services Tax Act – Post-implementation issues
- An overview of the Price Control and Anti-profiteering Act
- Latest developments in transfer pricing

CORPORATE GOVERNANCE STATEMENT

In addition to the above, Directors also attended other training sessions during the year as follows:

Name of Director	Title/Subject
Mr Soh Chin Teck	<ul style="list-style-type: none"> Corporate Governance Breakfast Series: The Future of Auditor Reporting – The Game Changer for Boardroom Audit Committee Conference 2015 – Rising to New Challenges Breakfast Talk: How to maximise internal audit
Encik Ahmad Riza bin Basir	<ul style="list-style-type: none"> Audit Committee Conference 2015 – Rising to New Challenges The Interplay between CGI, NFI and Investment Decision – What boards of listed companies need to know

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 48 and 49 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.

CORPORATE GOVERNANCE STATEMENT

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

The Company's 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, the 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 aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review, and also provides an overview of the Group's main operations.
- Quarterly Investor Updates designed as e-newsletters are posted on its corporate website. The Updates contain financial results, reports and articles on the Group's operations as well as significant events during the quarter under review.
- 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, and the 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. At these events, 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 : 03-27260088
Facsimile number : 03-27260099
2. Ms Koh Mei Lee, Head of Corporate Affairs
Telephone number : 03-27260088
Facsimile number : 03-27260198
Email address : corporateaffairs@ppb.com.my

Tan Sri Datuk Oh Siew Nam
Chairman

Soh Chin Teck
Independent Non-executive
Director

26 February 2016

AUDIT COMMITTEE REPORT

Composition

The members of the Audit Committee (AC) during the financial year ended 31 December 2015 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 the employees of the Company to the external auditors;
 - c. the adequacy of the scope, functions, performance, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - d. the internal audit programme, processes including investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - e. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors;
 - f. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - g. any letter of resignation from the external auditors of the Company; and
 - h. whether there is reason to believe that the Company's external auditors are not suitable for re-appointment;
- (2) recommend the nomination of a person(s) as external auditors;
- (3) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from them to confirm that they are and have been independent throughout the conduct of the audit engagement; and
- (4) establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into with the external auditors and procedures that they must follow.

Meetings

The number of AC meetings held during the financial year ended 31 December 2015 and details of attendance of each committee member are as follows:

Name of AC member	No. of Audit Committee meetings	
	Held	Attended
Mr Soh Chin Teck	6	6
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	6	6
Madam Tam Chiew Lin	6	6

AUDIT COMMITTEE REPORT

Activities

For the financial year ended 31 December 2015, 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 and competency, and adequacy of their resources;
3. reviewed the Group's quarterly results and full year 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; and
7. assessed the suitability and independence of Mazars based on a set of policies and procedures which was adopted in 2012, 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
PT Pundi Kencana – Indonesia	Flour milling
Malayan Adhesives & Chemicals Sdn Bhd – Shah Alam	Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding

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 2015 was about RM1.87 million.

Activities of the Internal Audit Department

The activities and processes of PPBIAD are guided by its charter and the '*International Standards for the Professional Practice of Internal Auditing*' issued by the Institute of Internal Auditors, as well as the annual audit plan approved by the AC.

During the financial year ended 31 December 2015, 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.

Soh Chin Teck

Audit Committee Chairman

26 February 2016

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. The risk management framework and internal control system are designed to identify, evaluate and manage risks that may prevent the achievement of the business objectives and strategies within the Group's risk appetite, rather than to eliminate risks. Therefore, it provides reasonable but not absolute assurance against material misstatement, fraud or loss.

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

1. CONTROL ENVIRONMENT

The Group 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

A formal Group-wide enterprise risk management (ERM) system has been established, which is aligned to ISO31000: Risk Management, 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 (AC) for its adequacy and effectiveness and reported accordingly to the Board.

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

- A formal set of risk policy and guidelines has been established and approved by the Board and communicated to employees throughout the Group through risk awareness sessions and workshops;
- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, AC, Risk Advisory Committee (RAC) and the various subsidiary risk committees, has been established and approved;
- The RAC reports on the Group risk profile for review by the AC, and the AC reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;
- The appointment of a Group Chief Risk Officer (GCRO) at the holding company and risk officers at the subsidiaries to ensure leadership, direction and coordination of the Group-wide application of risk management;
- The scope of the Group-wide risk assessment process encompasses strategic, financial, operational, health and safety, asset security, human resources, legal and regulatory;
- The risk assessment sessions are mainly carried out through meetings or facilitated workshops by the ERM team or the subsidiaries' risk officers. They provide independent assessment of the new/existing risks identified, and risk ratings determined by the respective risk owners based on the risk appetite set by the Board;
- The risk officers also provide guidance to the risk owners on the development and adoption of appropriate management action plans to mitigate the risks, should the control effectiveness of the existing controls be assessed to require further improvements;
- The heads of the strategic business units, with assistance from their risk officers are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring management action plans and reporting all risks to the GCRO, who will subsequently table the Group's key risks to the RAC, AC and Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The identification and monitoring of key risk indicators (KRIs) have been rolled out in phases, which will assist risk owners to assess the risk ratings and the need for further management action plans to mitigate the risks if the KRIs were to indicate an adverse trend; and
- On-going risk management education and training is provided at management and staff levels.

3. CONTROL ACTIVITIES

The Group 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.

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 AC, 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.

26 February 2016

CORPORATE SUSTAINABILITY STATEMENT



"Educare Project" under the PPB-KF Welfare Fund for Perlis

CORPORATE SUSTAINABILITY STATEMENT

// *Corporate responsibility has always been part of PPB Group's values, guiding us in decision-making and operations. It is important for us to achieve business success in ways that demonstrate respect for people and the planet. In today's competitive business environment, our efforts are progressively more strategic in nature to help us manage and create value for the Company.* //



ENVIRONMENT



WORKPLACE



COMMUNITY



MARKETPLACE

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 improvement 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 2015.

CORPORATE SUSTAINABILITY STATEMENT



ENVIRONMENT

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



Going ticketless using GSC Mobile App

CORPORATE SUSTAINABILITY STATEMENT



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 Persatuan Shuang Fu and Pertubuhan Kebajikan Thangam Illam; both these entities generate income from the sale of recyclable items.

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.

A "No Plastic Bag Campaign" was held at GSC cinemas in Selangor and Penang from January to September 2015. Funds collected from the Campaign were donated

to WWF-Malaysia and Kumpulan Wang Amanah Kebajikan, Rakan Anti-Kemiskinan.

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.

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 28 March 2015.

iii. **Electronic Publications**

PPB's publications including Annual Reports and quarterly Investor Updates are made available electronically and hard copies are issued only upon request.

iv. **Going Ticketless**

Introduced the GSC Mobile App (for iPhone, Android and Windows) which enables movie-goers to purchase tickets via m2u mobile, PayPal or "RHB Now" on their smartphones. Patrons are able to enjoy the "ticketless" option by scanning the 2D barcode on their smartphone screens at the selected cinema checkpoints.

v. **Conservation Efforts**

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.

PPB sponsored the building of a new hiking trail known as "Unity Peak" measuring 1.2 km which is an extension of "Unity Trail", another forest trail measuring 2.2 km also sponsored by PPB in 2014. Both trails are located in the Kota Damansara Community Forest in Kota Damansara, Petaling Jaya.

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.



PPB Group promotes safe and healthy practices in its workplace

CORPORATE SUSTAINABILITY STATEMENT



We provide a safe workplace and recognise the importance for our workforce to feel proud and inspired to work for the Group. We believe in building a healthy workforce who are capable and of good attitude and free from discrimination.

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. Health awareness talks 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 and Discrimination**

PPB has a sexual harassment policy in place and 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 by any business associate, supervisor or other employee.

iv. **Ethics and Conduct**

PPB employees are required to maintain an acceptable and satisfactory level of conduct and personal behaviour. The Group has a code of conduct setting out the minimum standards of conduct and personal behaviour to be adhered to in order to promote and maintain a uniform standard of ethics within the Company and Group.

PPB Group has adopted a whistleblower policy which is designed to support PPB Group values and ensure employees raise concerns without fear of retribution as well as to provide a transparent and confidential process for dealing with concerns.

v. **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 participated in two organised runs.

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.

PPB sponsored 10 wells for the orang asli under the "Helping the Poor to Help Themselves" project

We see employee volunteerism gaining strength but regard this as an area in which we can further 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 RM10.0 million Fund is managed by Kuok Foundation Berhad (KFB), and is utilised to benefit the underprivileged and poor in the state of Perlis and improve their welfare. In 2015, the Fund donated school uniforms, shoes, socks and school bags complete with stationery sets under the "Educare Project" to poor schoolchildren in Perlis. Study grants were given to deserving secondary school students in the state.

ii. **Disaster Relief**

After the massive floods hit several east coast states in Peninsular Malaysia in late-December 2014, PPB together with Kuok Brothers Sdn Bhd and KFB set up a fund known as "KF Disaster Recovery Fund" in April 2015. The Fund, which is managed by KFB, carries out post-disaster recovery works in Malaysia such as rebuilding/repairing homes of underprivileged and persons affected by natural disasters as well as helping victims to regain their livelihoods. To date, the Fund, with assistance from FFM Group, has helped 75 families from villages in Kota Bahru, Pasir Mas, Tanah Merah, Machang, Temangan, Gua Musang and Kuala Krai, all in Kelantan.

CORPORATE SUSTAINABILITY STATEMENT

iii. Festival Celebrations

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

PPB brought cheer to the residents of Charis Sheep Pen Shelter and Pusat Jagaan Sri Sai; poor families in the Abdullah Hukum flats in Bangsar; and the orang asli in Simpai, Pekan 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 2015 to good response. The Toy Bank collected around 2,700 gifts for children from 13 welfare homes.

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

iv. Education

Under the "Back to School" project, PPB donated 1,096 sets of school uniforms and 1,460 pairs of school shoes complete with socks and whiteners to students from four primary schools in Manek Urai, Kuala Krai, Kelantan who were badly hit by the floods.

v. Building Community Welfare

Under the "Helping the Poor to Help Themselves" project, PPB sponsored a total of 10 wells for the orang asli from the Jakun tribe in Simpai, Pekan who do not have access to basic needs such as clean water, electricity and proper shelter. In this sponsorship, PPB purchased the materials and the orang asli provided the manpower to build their own wells. The 10 wells from PPB currently serve 142 villagers from 19 families.

PPB also donated two units of home aquaponic system to Living Stones Rehabilitation Centre (LSRC), a centre in Mantin, Negeri Sembilan for ex-drug dependents afflicted by HIV/AIDS most of whom are unable to obtain employment. The sustainable aquaponic system enables the residents of LSRC to keep busy as well as provide fresh organic vegetables and fish to reduce the home's expenses.

PPB's 80%-subsidiaries, FFM Marketing Sdn Bhd and Johor Bahru Flour Mill Sdn Bhd, helped set up a mini-bakery and

cafe for Pertubuhan Perkhidmatan Intervensi Awal Batu Pahat (PPIA) in Batu Pahat, Johor. PPIA is a registered non-profit charitable organisation committed to serving children and youths with intellectual challenges in Batu Pahat.

FFM Group 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.

vi. Sports, Arts and Culture

PPB has been the venue sponsor of the 15th Eagle Cup Judo Championship 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 helped raised awareness of the sport to the community at large and enabled young participants to showcase their skills in a healthy sport.

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

vii. Health Awareness and Campaigns

Cheras Leisuremall organised free health screening and consultation booths on 21 and 22 March 2015 for the patrons of Cheras LeisureMall to encourage them to live a healthy lifestyle. Celebrating International Women's Day in the month of March, female patrons who visited the booths were given free healthcare and mammogram vouchers.

To raise awareness on the importance of donating blood to save lives, Cheras LeisureMall jointly organised three separate blood donation campaigns with Samye Buddhist Association on 26 April 2015; Persatuan Kwangxi Selangor dan Kuala Lumpur on 5 July 2015; and Astro on 5 and 6 September 2015. A total of 1,037 pints of blood were collected from these campaigns.

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.

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.



PPB conducts Press and Analyst briefings twice a year

CORPORATE SUSTAINABILITY STATEMENT



PPB's 2015 e-Investor Updates

i. **Keeping Stakeholders Informed**

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

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.

FINANCIAL REVIEW

Group Financial Performance

In 2015, The Group revenue increased by 9% to RM 4.05 billion primarily due to improved revenue in the Grains and agribusiness, Film exhibition, Environmental engineering and utilities segments. The Property, Consumer products and Investments and Other operations segments generated lower revenue in 2015.

The Group registered a 15% increase in profit before tax to RM1.18 billion in 2015 largely due to higher profit contribution from the Grains and agribusiness segment plus a foreign exchange translation gain on PPB's share of Wilmar's results which are reported in US Dollars ("USD").

Group Financial Position

The Group's Total Assets rose by RM3.32 billion in 2015, contributed by the increased value of its investment in Wilmar, higher trade receivables in line with improved revenue as well as completed capital projects.

There was a marginal increase of RM149.0 million in the Group's Total Liabilities mainly from bank borrowings drawdown to finance capital expansions.

Group Cash Flows

Net cash generated from operating activities in 2015 was higher at RM369.2 million compared with 2014 due to improved operating profits along with less cash used in inventory funding.

Net cash amounting to RM30.2 million was used by the Group for investing activities in 2015. During the year, the Group paid RM192.7 million for capacity expansion on flour and feed mills, frozen food processing, bakery as well as cinema operations; RM97.9 million for acquisition of shares in Vietnam and China associates; and RM61.9 million in advances to associates. Dividends received from associates amounted to RM279.2 million in 2015.

Net cash used in financing activities of RM239.1 million was mainly for dividend payments to shareholders. In 2015, the Group utilised RM93.9 million of revolving credits and short-term loan facilities and RM27.6 million of long-term loan facilities. RM32.9 million was repaid to non-controlling interests of a subsidiary.

Group Bank Borrowings

As at 31 December 2015, Group borrowings were higher at RM726.9 million compared with RM553.6 million in 2014, of which 70.2% or RM510.0 million were bills payable and utilised trade facilities. The balance 29.8% amounting to RM216.9 million was made up of:

- current portion of long-term loans, revolving credits, overdraft and hire purchase liabilities totaling RM105.7 million, repayable within 12 months; and
- long-term bank loans and hire purchase liabilities totaling RM111.2 million, repayable within 5 years.

Most of the Group's borrowings were unsecured and based on floating rates of interest ranging from 0.67% to 10.00% per annum. The Group's exposure to foreign currency borrowings was RM635.0 million of which about 60% was USD-denominated.

Group Capital Expenditure

Total Group capital expenditure incurred during the year was RM154.7 million and the major items were as follows:

- FFM Group spent RM20.3 million to construct a new wheat flour mill and RM6.3 million on upgrading the feed mill facilities in Pasir Gudang, Johor; RM6.9 million on constructing 5 units of concrete silos in Pulau Indah, Selangor; RM13.1 million on a new wheat flour mill in the existing factory in Vung Tau, Vietnam; RM6.4 million on a new flour mill in Quang Ninh, Vietnam; RM19.0 million on the frozen food production facility, waste water treatment and research laboratory and RM9.5 million on bakery delivery vehicles.
- PPB Leisure Group spent RM38.5 million to complete the outfitting of new cinemas in NU Sentral, Kuala Lumpur; Ipoh Parade Mall, Ipoh; IOI City Mall, Putrajaya; Klang Parade Mall, Klang; and Aman Central, Alor Setar; RM5.0 million on cinema extension in Mid Valley Megamall; and a total of RM8.6 million spent to purchase D-Box seats, Dolby Atmos Sound System, replace cinema seats, upgrade of computer system and office renovation.
- Property and Chemquest Groups spent a total of RM5.8 million on upgrading of mall facilities, upgrading of machineries and equipment, office renovations and purchase of 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 2015 set out on pages 68 to 155 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 responsibility 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.

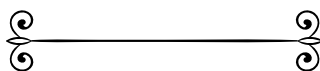
This statement is made in accordance with a resolution of the Board of Directors dated 24 March 2016.

FINANCIAL STATEMENTS

PPB GROUP BERHAD · ANNUAL REPORT 2015

SECTION 3 FINANCIALS

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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 2015.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries during the financial year were grains and agribusiness; consumer products; film exhibition and distribution; environmental engineering and utilities; property; chemicals trading and manufacturing; investments in equities and packaging.

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>1,076,119</u>	<u>370,673</u>
Attributable to:		
Owners of the parent	1,051,311	370,673
Non-controlling interests	<u>24,808</u>	<u>-</u>
	<u>1,076,119</u>	<u>370,673</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 2014 as disclosed in the Directors' report of that year:	
Final single tier dividend of 16 sen per share paid on 29 May 2015	189,680
In respect of the financial year ended 31 December 2015:	
Interim single tier dividend of 8 sen per share paid on 28 September 2015	94,840
	<u>284,520</u>

The Directors have recommended a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2015 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 2015 would be 25 sen per share.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the consolidated statement of changes in equity on pages 72 and 73.

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:

Tan Sri Datuk Oh Siew Nam	<i>(Chairman)</i>
Lim Soon Huat	<i>(Managing Director)</i>
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"), Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Madam Tam Chiew Lin retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election as Directors.

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

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

<i>No. of ordinary shares of RM1 each registered in the name of Directors</i>				
Name of Director	As at 1.1.15	Bought	Sold	As at 31.12.15
Tan Sri Datuk Oh Siew Nam	120,666	-	-	120,666
Tam Chiew Lin	6,000	-	-	6,000

<i>No. of ordinary shares of RM1 each in which the Directors are deemed to have interest</i>				
Name of Director	As at 1.1.15	Bought	Sold	As at 31.12.15
Tan Sri Datuk Oh Siew Nam	1,204,498	-	-	1,204,498
Tam Chiew Lin	10,000	-	-	10,000

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
	As at 1.1.15	Bought	Sold	31.12.15
Tan Sri 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
	As at 1.1.15	Bought	Sold	31.12.15
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
	As at 1.1.15	Bought	Sold	31.12.15
Tan Sri 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
	As at 1.1.15	Bought	Sold	31.12.15
Tan Sri Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2015 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.

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.

DIRECTORS' REPORT

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

TAN SRI DATUK OH SIEW NAM
Chairman

LIM SOON HUAT
Managing Director

Kuala Lumpur
24 March 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	<i>Note</i>	RM'000	RM'000
Revenue	<i>3</i>	4,048,314	3,701,008
Cost of sales	<i>4</i>	(3,476,982)	(3,110,930)
Gross profit		571,332	590,078
Other income		210,256	101,641
Distribution costs		(182,266)	(164,919)
Administrative expenses		(153,343)	(162,656)
Other expenses		(30,601)	(38,863)
Share of net profits less losses of associates		789,888	719,496
Share of profits of joint venture		5,599	4,646
Finance costs	<i>5</i>	(29,743)	(21,279)
Profit before tax	<i>6</i>	1,181,122	1,028,144
Tax expense	<i>7</i>	(105,003)	(89,227)
Profit for the year		1,076,119	938,917
Attributable to:			
Owners of the parent		1,051,311	916,779
Non-controlling interests		24,808	22,138
		1,076,119	938,917
Basic earnings per share attributable to owners of the parent (sen)	<i>8</i>	88.7	77.3

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
Profit for the year	1,076,119	938,917
<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	3,107,985	829,626
- Reclassification adjustments to profit or loss		
- upon disposal of an asset	-	13,722
- on liquidation of a subsidiary	(5,285)	-
Adjustment to deferred tax attributable to changes in tax rate	(1,320)	-
Fair value of available-for-sale financial assets:		
- Losses arising during the year	(92,959)	(146,608)
- Reclassification adjustments to profit or loss upon disposal of quoted investments	(829)	-
Share of associates' other comprehensive losses	(766,259)	(164,157)
Total comprehensive income	<u>3,317,452</u>	<u>1,471,500</u>
Attributable to:		
Owners of the parent	3,252,346	1,441,212
Non-controlling interests	65,106	30,288
	<u>3,317,452</u>	<u>1,471,500</u>

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		2015	2014
	<i>Note</i>	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,356,671	1,264,298
Investment properties	10	195,831	195,623
Biological assets	11	3,364	3,152
Land held for property development	12	41,645	19,270
Goodwill	13	73,746	73,876
Other intangible assets	14	2,962	2,971
Investments in associates	16	16,813,778	13,801,218
Investment in joint venture	17	66,934	58,477
Other investments	18	427,198	513,672
Deferred tax assets	19	5,644	5,781
Total non-current assets		18,987,773	15,938,338
Current assets			
Inventories	21	682,210	718,607
Biological assets	11	20,769	19,312
Other intangible assets	14	12,175	10,755
Property development costs	22	4,964	21,313
Gross amount due from customers	23	76,339	53,281
Trade receivables	24	593,547	455,943
Other receivables, deposits and prepayments	25	114,006	141,484
Amounts due from associates	26	206,506	138,604
Derivative financial assets	27	14,229	12,040
Current tax assets		7,879	11,646
Deposits	28	471,085	423,066
Short-term fund placements	29	447,018	401,696
Cash and bank balances	30	278,240	254,549
		2,928,967	2,662,296
Non-current assets classified as held for sale	31	8,734	4,545
Total current assets		2,937,701	2,666,841
TOTAL ASSETS		21,925,474	18,605,179

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	<i>Note</i>	2015 RM'000	2014 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	2,920,140	738,988
Retained earnings		15,804,622	14,889,310
Equity attributable to owners of the parent		19,916,977	16,820,513
Non-controlling interests		635,594	560,803
Total equity		20,552,571	17,381,316
Non-current liabilities			
Long-term bank borrowings	34	111,170	61,984
Hire purchase liabilities		-	6
Deferred tax liabilities	35	97,225	85,313
Total non-current liabilities		208,395	147,303
Current liabilities			
Gross amount due to customers	23	839	257
Trade payables	36	381,083	338,588
Other payables and accruals	37	146,486	212,871
Amounts due to associates	26	584	488
Derivative financial liabilities	27	4,709	17,269
Hire purchase liabilities		6	35
Short-term borrowings	38	615,667	491,289
Bank overdrafts	39	34	271
Current tax liabilities		15,100	14,638
		1,164,508	1,075,706
Liability associated with non-current assets classified as held for sale	31	-	854
Total current liabilities		1,164,508	1,076,560
Total liabilities		1,372,903	1,223,863
TOTAL EQUITY AND LIABILITIES		21,925,474	18,605,179

The accompanying notes form an integral part of the financial statements

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Hedge Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
(23,923)	246,700	14,251,381	15,653,280	538,617	16,191,897
100,820	16,944	-	524,433	8,150	532,583
-	-	916,779	916,779	22,138	938,917
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)
76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
(88,413)	(86,187)	-	2,201,035	40,298	2,241,333
-	-	1,051,311	1,051,311	24,808	1,076,119
(88,413)	(86,187)	1,051,311	3,252,346	65,106	3,317,452
-	-	128,478	128,478	-	128,478
-	(16,993)	19,883	-	-	-
-	-	-	-	(2,495)	(2,495)
-	-	(284,520)	(284,520)	-	(284,520)
-	-	-	-	(9,711)	(9,711)
-	-	160	160	(6,686)	(6,526)
-	-	-	-	28,577	28,577
(11,516)	165,798	15,804,622	19,916,977	635,594	20,552,571

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,181,122	1,028,144
Adjustments for non-cash items:		
Amortisation and depreciation	131,421	112,447
Bad and doubtful debts	1,017	9,178
Property, plant and equipment, investment properties and other intangible assets written off	1,606	1,138
Impairment of non-current asset held for sale	540	-
Write back of impaired investment property	(29)	(44)
Impairment of investment in an associate	1,709	-
Write back of impaired property, plant and equipment	-	(759)
Impairment of goodwill	130	739
Net loss on disposal of property, plant and equipment, investment properties and non-current asset held for sale	635	2,044
Gain on disposal of an associate	-	(1,569)
Surplus arising from liquidation of subsidiaries	(5,314)	-
(Surplus)/Deficit arising from liquidation of an associate	(38)	506
Fair value loss on financial assets at fair value through profit or loss	178	787
Net gain on disposal of available-for-sale financial assets	(930)	-
Share of net profits less losses of associates	(789,888)	(719,496)
Share of profits of joint venture	(5,599)	(4,646)
Inventories written off	184	-
Inventories written down	4,297	6,464
Unrealised net foreign exchange loss/(gain)	1,472	(839)
Unrealised net (gain)/loss on fair value of derivative financial instruments	(18,831)	6,633
Interest expense	29,743	21,279
Dividend income	(7,388)	(9,676)
Income from short-term fund placements	(16,310)	(10,800)
Interest income	(17,941)	(18,222)
Rental income	(4,058)	(3,460)
Operating profit before working capital changes	487,728	419,848
Adjustments for working capital changes:		
Land and development expenditure	(8,354)	(242)
Inventories, biological assets and other intangible assets	36,891	(221,306)
Gross amounts due from/to customers	(22,476)	(37,260)
Receivables	(67,534)	(34,690)
Payables	33,495	168,984
Cash generated from operations	459,750	295,334
Tax paid	(90,502)	(76,725)
Net cash generated from operating activities	369,248	218,609

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 RM'000	2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional equity interest in an existing subsidiary	43	(6,526)	-
Proceeds arising from liquidation of an associate		1,565	900
Acquisition of equity interest in associates		(97,944)	(31,775)
Proceeds from disposal of an associate		-	1,569
Advances to associates		(61,893)	(45,543)
Purchase of other investments		(6,867)	(341)
Proceeds from disposal of other investments		1,343	-
Purchase of property, plant and equipment	44	(192,747)	(180,106)
Purchase of investment properties, biological assets and other intangible assets		(4,997)	(2,361)
Proceeds from disposal of property, plant and equipment, investment properties and non-current asset held for sale		6,912	42,620
Distribution of profits from joint venture		6,296	-
Return of capital from joint venture		-	5,533
Dividends received from associates		279,255	234,667
Dividends received from other investments		7,388	9,676
Income received from short-term fund placements		15,871	10,800
Interest received		18,062	17,757
Rental received		4,058	3,460
Net cash (used in)/generated from investing activities		(30,224)	66,856
CASH FLOWS FROM FINANCING ACTIVITIES			
Revolving credits, banker's acceptance and short-term loans		93,957	153,733
Bank term loans		27,622	(35,032)
Payment of hire purchase liabilities		(35)	(45)
(Repayment to)/Advances from non-controlling interests of subsidiaries		(32,881)	18,440
Return of capital to non-controlling interest of a subsidiary		(2,495)	-
Interest paid		(30,999)	(21,484)
Dividends paid to owners of the parent		(284,520)	(284,520)
Dividends paid to non-controlling interests of subsidiaries		(9,711)	(8,102)
Net cash used in financing activities		(239,062)	(177,010)
NET INCREASE IN CASH AND CASH EQUIVALENTS		99,962	108,455
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		1,079,040	964,252
EFFECTS OF EXCHANGE RATE CHANGES		17,307	6,333
CASH AND CASH EQUIVALENTS CARRIED FORWARD		1,196,309	1,079,040
Represented by:			
Cash and bank balances		278,240	254,549
Deposits		471,085	423,066
Short-term fund placements		447,018	401,696
Bank overdrafts		(34)	(271)
		1,196,309	1,079,040

The accompanying notes form an integral part of the financial statements

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	<i>Note</i>	RM'000	RM'000
Revenue	3	339,234	311,530
Cost of sales	4	(20,679)	(20,652)
Gross profit		318,555	290,878
Other income		78,901	19,670
Administrative expenses		(21,856)	(25,368)
Profit before tax	6	375,600	285,180
Tax expense	7	(4,927)	(2,403)
Profit for the year		370,673	282,777

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	RM'000	RM'000
Profit for the year	370,673	282,777
<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 arising during the year	(90,994)	(143,759)
Total comprehensive income	279,679	139,018

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		2015	2014
	<i>Note</i>	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,400	2,629
Investment properties	10	293,692	312,836
Investments in subsidiaries	15	1,456,109	1,434,098
Investments in associates	16	8,782,287	8,782,287
Other investments	18	406,477	497,471
Total non-current assets		10,940,965	11,029,321
Current assets			
Trade receivables	24	701	385
Other receivables, deposits and prepayments	25	2,622	3,601
Amounts due from subsidiaries	20	2,244	744
Amounts due from associates	26	6,105	4,809
Current tax asset		-	172
Deposits	28	232,095	238,047
Short-term fund placements	29	388,655	299,582
Cash and bank balances		3,481	2,982
Total current assets		635,903	550,322
TOTAL ASSETS		11,576,868	11,579,643
EQUITY AND LIABILITIES			
Equity			
Share capital	32	1,185,500	1,185,500
Share premium		6,715	6,715
Fair value reserve		(325,786)	(234,792)
Retained earnings		10,689,391	10,603,238
Total equity		11,555,820	11,560,661
Non-current liability			
Deferred tax liabilities	35	705	710
Current liabilities			
Trade payables		1,179	-
Other payables and accruals	37	13,755	13,119
Amounts due to subsidiaries	20	5,103	5,153
Current tax liabilities		306	-
Total current liabilities		20,343	18,272
Total liabilities		21,048	18,982
TOTAL EQUITY AND LIABILITIES		11,576,868	11,579,643

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	<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 2014		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 income/(loss)		-	-	(143,759)	282,777	139,018
Dividends paid to shareholders of the Company	42	-	-	-	(284,520)	(284,520)
At 31 December 2014		1,185,500	6,715	(234,792)	10,603,238	11,560,661
Other comprehensive loss		-	-	(90,994)	-	(90,994)
Profit for the year		-	-	-	370,673	370,673
Total comprehensive income/(loss)		-	-	(90,994)	370,673	279,679
Dividends paid to shareholders of the Company	42	-	-	-	(284,520)	(284,520)
At 31 December 2015		1,185,500	6,715	(325,786)	10,689,391	11,555,820

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	375,600	285,180
Adjustments for non-cash items:		
Amortisation and depreciation	6,962	7,347
Property, plant and equipment and investment properties written off	1	6
Gain on disposal of investment property	(52,981)	-
Bad and doubtful debts	23	(1)
Impairment of investments in subsidiaries	-	5,344
Surplus arising from liquidation of a subsidiary	(1,370)	-
Surplus arising from liquidation of an associate	(44)	(25)
Unrealised foreign exchange gain	(14)	(3)
Dividend income	(302,987)	(274,492)
Income from short-term fund placements	(12,974)	(8,779)
Interest income	(9,222)	(9,821)
Operating profit before working capital changes	2,994	4,756
Adjustments for working capital changes:		
Receivables	575	(278)
Payables	1,816	22
Cash generated from operations	5,385	4,500
Tax paid	(4,456)	(2,751)
Net cash generated from operating activities	929	1,749

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 RM'000	2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	44	(256)	(132)
Purchase of investment properties		(3,161)	(2,873)
Proceeds from disposal of investment property		68,807	-
Proceeds from liquidation of a subsidiary		48,751	-
Proceeds from liquidation of an associate		1,560	-
Subscription of shares in an associate		-	(25,419)
Subscription of redeemable preference shares of subsidiaries		(68,830)	-
Subscription of additional shares of a subsidiary		(700)	-
Advances to subsidiaries		(1,978)	(216)
Advance to an associate		(1,039)	(235)
Dividends received from subsidiaries		38,278	37,020
Dividends received from associates		257,660	228,882
Dividends received from other investments		7,049	8,590
Income received from short-term fund placements		12,640	8,779
Interest received		8,466	9,455
Net cash generated from investing activities		367,247	263,851
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment to subsidiaries		(50)	-
Dividends paid		(284,520)	(284,520)
Net cash used in financing activities		(284,570)	(284,520)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		83,606	(18,920)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		540,611	559,528
EFFECTS OF EXCHANGE RATE CHANGES		14	3
CASH AND CASH EQUIVALENTS CARRIED FORWARD		624,231	540,611
Represented by:			
Cash and bank balances		3,481	2,982
Deposits		232,095	238,047
Short-term fund placements		388,655	299,582
		624,231	540,611

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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, effective for financial periods beginning on or after 1 July 2014:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138	Annual Improvements to FRSs 2010 - 2012 Cycle
Amendments to FRS 3, FRS 13 and FRS 140	Annual Improvements to FRSs 2011 - 2013 Cycle

The adoption of the above Amendments to FRSs 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 the 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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued that are not yet effective (continued)

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

Amendments to FRSs		Effective for financial periods beginning on or after
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by MASB
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:

(a) 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.

According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Standards issued that are not yet effective (continued)*****Malaysian Financial Reporting Standards ("MFRS") (continued)***

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. 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 2015 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:

(i) 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.

(ii) 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 Company is currently assessing *MFRS 15*'s full impact and intends to apply *MFRS 15* when it is effective.

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 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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.

(a) 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:

(i) *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.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 Significant accounting estimates and judgements (continued)****(a) Critical judgement made in applying accounting policies (continued)***(iii) 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 20, 24, 25 and 26.

(iv) 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.

(b) 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:

(i) 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 the Company's property, plant and equipment and investment properties at the end of the reporting period are disclosed in notes 9 and 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) *Impairment loss and write down of inventories*

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

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

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

(iii) *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.

(iv) *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 associates and joint venture as well as the Company's investments in subsidiaries and associates 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates and joint venture

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 venture 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 venture 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 venture 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 venture.

The Group's share of net profits or losses and changes recognised in the other comprehensive income of the associates or joint venture are recognised in the consolidated income statement and consolidated statement of comprehensive income respectively. The Group's share of an associate's net 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 venture are eliminated to the extent of the Group's interest in the associates or joint venture.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Associates and joint venture (continued)**

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

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

2.8 Property, plant and equipment**(a) Measurement basis**

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

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

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

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

(b) 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%	-	20%	or over the remaining period of lease
Plant and machinery	5%	-	33 $\frac{1}{3}$ %	
Motor vehicles	5%	-	25%	
Furniture, fittings, office and other equipment	10%	-	50%	

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(a) 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.

(b) Depreciation

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

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

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

2.10 Biological assets

Biological assets comprise primarily livestock and oil palms.

(a) Livestock

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.10 Biological assets (continued)****(a) Livestock (continued)**

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

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

(b) Oil palms

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

2.11 Development properties

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases

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

(a) Finance lease

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

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

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

(b) Operating lease

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

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

2.13 Intangible assets

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

(a) Goodwill

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

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

(b) Computer software and film rights

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.13 Intangible assets (continued)****(b) Computer software and film rights (continued)***(ii) 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*(i) Financial assets*

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract which terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using settlement date accounting.

Financial assets at fair value through profit or loss

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial instrument categories and subsequent measurement (continued)

(i) *Financial assets (continued)*

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.

(ii) *Financial liabilities*

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

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

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

(c) Derecognition of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.14 Financial instruments (continued)****(c) Derecognition of financial assets and liabilities (continued)**

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

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

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

(d) Derivative financial instruments and hedging

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

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

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

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

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

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. For cash flow hedge, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(d) Derivative financial instruments and hedging (continued)

Cash flow hedge (continued)

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

2.15 Engineering contracts

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

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

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

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

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

2.16 Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 issuer.

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

2.19 Income recognition

- (a) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- (b) Revenue from engineering contracts and the sale of development properties is recognised on the percentage of completion method, where the outcome of the contract can be reliably estimated.

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

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

- (c) Revenue from box office collections, filmlet income, sale of film rights and film rental is recognised upon the exhibition of the cinematograph film or filmlet.
- (d) Revenue from services is measured at fair value of the consideration received and receivable and is recognised on an accrual basis when services are rendered.
- (e) Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income recognition (continued)

- (f) Interest income is recognised on a time proportion basis.
- (g) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.
- (h) Net voyage income is recognised over the period of the voyage on a pro-rata basis.

2.20 Foreign currencies

(a) Functional currency

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

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

(b) Transactions and balances in foreign currencies

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

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.20 Foreign currencies (continued)****(c) Translation of foreign operations**

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

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

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

2.21 Impairment of non-financial assets**(a) Goodwill**

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

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

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

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

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

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

Property, plant and equipment, investment properties, biological assets, land held for property development, other intangible assets, and 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 venture (continued)

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

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

2.22 Impairment of financial assets

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

(a) Assets carried at amortised cost

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

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

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

(b) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.23 Employee benefits****(a) Short-term employee benefits**

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

(b) Post-employment benefits

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

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

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

(c) Termination benefits

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

2.24 Borrowing costs

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

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

2.25 Taxation

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Taxation (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

3. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sales of agricultural produce, food-based products and other goods	3,278,999	3,087,551	-	-
Contract revenue	236,624	117,905	-	-
Sale of development properties	13,551	41,612	-	-
Collections from cinema operations	434,670	365,234	-	-
Rental from leasing of investment properties	39,409	39,913	36,247	37,038
Waste management and other services rendered	37,673	39,117	-	-
Dividend income	7,388	9,676	302,987	274,492
	4,048,314	3,701,008	339,234	311,530

Included in the rental from leasing of investment properties is contingent rental amounting to RM0.8 million (2014: RM1.2 million) for the Group and the Company.

4. COST OF SALES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables used	2,164,717	1,940,744	-	-
Finished goods purchased	448,146	475,249	-	-
Employee benefits expense	146,481	134,017	4,566	4,658
Depreciation and amortisation	93,719	80,439	6,576	7,011
Cost of film rights and rental	155,322	133,184	-	-
Rental of land and buildings	53,339	44,030	-	-
Others	415,258	303,267	9,537	8,983
	3,476,982	3,110,930	20,679	20,652

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FINANCE COSTS

	Group	
	2015	2014
	RM'000	RM'000
<i>Interest expense on:</i>		
Banker's acceptance	4,338	5,749
Revolving credits	193	158
Bank term loans	25,180	15,324
Bank overdrafts	30	7
Hire purchase	1	3
Others	1	38
	29,743	21,279

6. PROFIT BEFORE TAX

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<i>Profit before tax is stated after charging:</i>				
Amortisation of other intangible assets	18,939	14,229	-	-
Auditors' remuneration				
- current year	1,077	1,033	83	80
- underprovision in prior year	5	4	-	-
Bad and doubtful debts	1,650	10,337	23	36
Depreciation				
- property, plant and equipment	107,535	92,900	483	564
- investment properties	4,738	5,137	6,479	6,783
- biological assets	209	181	-	-
Direct operating expenses				
- revenue-generating investment properties	23,742	23,531	23,366	23,369
- non-revenue generating investment properties	174	174	7	7
Directors' remuneration				
- Company's directors				
- fees	400	351	375	325
- other emoluments	7,568	7,069	5,210	4,881
- Subsidiaries' directors				
- fees	243	234	-	-
- other emoluments	12,859	11,324	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Foreign exchange loss				
- realised	8,794	6,027	-	-
- unrealised	12,032	13,666	-	-
Fair value loss on				
- derivative financial instrument	1	11,662	-	-
- financial assets at fair value through profit or loss	178	787	-	-
Loss on disposal				
- property, plant and equipment	1,203	5,221	-	-
- non-current asset held for sale	194	-	-	-
Impairment				
- investments in subsidiaries	-	-	-	5,344
- assets held for sale	540	-	-	-
- investment in an associate	1,709	-	-	-
Impairment of goodwill	130	739	-	-
Operating leases				
- minimum lease payments for land and buildings	42,907	33,817	820	808
- minimum lease payments for equipment	641	745	-	-
- contingent rent	12,644	12,645	-	-
Assets written off				
- property, plant and equipment	1,475	1,130	1	1
- investment properties	-	5	-	5
- other intangible assets	131	3	-	-
- inventories	184	-	-	-
Inventories written down	4,297	6,464	-	-
Deficit arising from liquidation of an associate	6	506	-	-

and crediting:

Gross dividends from unquoted subsidiaries				
in Malaysia	-	-	38,278	37,020
Gross dividends from associates				
- quoted outside Malaysia	-	-	255,960	227,182
- unquoted in Malaysia	-	-	1,700	1,700

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Gross dividends from other investments				
- quoted in Malaysia	1,517	4,327	1,400	4,200
- quoted outside Malaysia	5,871	5,349	5,649	4,390
Interest income	17,941	18,222	9,222	9,821
Income from short-term fund placements	16,310	10,800	12,974	8,779
Rental income	4,058	3,460	-	-
Allowance for doubtful debts written back	633	1,159	-	37
Bad debt recovered	-	197	-	-
Impairment written back				
- property, plant and equipment	-	759	-	-
- investment property	29	44	-	-
Foreign exchange gain				
- realised	49,926	9,106	6	-
- unrealised	10,560	14,505	14	3
Fair value gain				
- derivative financial instruments	79,682	18,653	-	-
Surplus arising from liquidation of				
- a subsidiary	5,314	-	1,370	-
- an associate	44	-	44	25
Gain on disposal				
- associate	-	1,569	-	-
- available-for-sale financial assets	930	-	-	-
- property, plant and equipment	389	1,070	-	-
- non-current asset held for sale	373	-	-	-
- investment properties	-	2,107	52,981	-

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Company's directors	112	120	63	72
Subsidiaries' directors	269	117	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current	90,211	79,038	4,955	2,455
Deferred	8,199	5,814	7	17
	98,410	84,852	4,962	2,472
Foreign taxation				
Current	2,801	1,721	-	-
Deferred	1,896	3,804	-	-
	103,107	90,377	4,962	2,472
Under/(Over)provision in prior year				
Malaysian taxation				
Current	2,001	401	(23)	(39)
Deferred	(330)	(1,551)	(12)	(30)
Foreign taxation				
Current	225	-	-	-
	105,003	89,227	4,927	2,403

The statutory tax rate applicable to the Company is 25% (2014: 25%).

The difference between the 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Accounting profit	385,635	304,002	375,600	285,180
Taxation at applicable tax rate	96,318	73,846	93,900	71,295
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividends	(1,841)	(2,343)	(75,747)	(68,623)
- income from short-term fund placements	(4,077)	(2,700)	(3,243)	(2,195)
- gain on disposal of land and buildings	(93)	(527)	(13,245)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. TAX EXPENSE (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
- realised foreign exchange gain	(10,242)	(2,644)	-	-
- others	(6,619)	(3,910)	(358)	(7)
Expenses eligible for double deduction	(446)	(443)	-	-
Non-deductible expenses	11,757	19,996	1,005	2,002
Real property gains tax	2,650	-	2,650	-
Utilisation of reinvestment allowance	(31)	(1,499)	-	-
Utilisation of previously unrecognised tax losses	-	(153)	-	-
Withholding tax on undistributed profits of foreign associates	2,791	1,862	-	-
Reversal of deferred tax liability upon disposal of an investment property	-	(73)	-	-
Deferred tax assets not recognised	12,940	8,965	-	-
Under/(Over) provision in prior year	1,896	(1,150)	(35)	(69)
	105,003	89,227	4,927	2,403

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	
	2015	2014
Attributable to owners of the parent (RM'000)	1,051,311	916,779
Number of ordinary shares in issue ('000)	1,185,500	1,185,500
Basic earnings per share attributable to owners of the parent (sen)	88.7	77.3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. PROPERTY, PLANT AND EQUIPMENT

Group Cost/Valuation	Land and buildings			Plant and machinery	Motor vehicles	Furniture,	Capital	Total
	Long		Short leasehold			fittings, office and other equipment	work-in- progress	
	Freehold	leasehold						
	RM'000	RM'000						
At 1.1.2015	187,061	297,087	454,992	809,280	70,806	131,343	133,494	2,084,063
Additions	495	2,898	27,902	33,068	14,990	15,858	74,633	169,844
Disposals	-	-	-	(1,859)	(6,856)	(129)	-	(8,844)
Exchange differences	-	-	26,234	28,592	447	805	8,121	64,199
Write-offs	-	-	(4,519)	(13,030)	(158)	(7,413)	(320)	(25,440)
Reclassifications	391	2,916	68,002	71,324	588	10,204	(153,425)	-
Transfer to non-current assets held for sale	-	(16,408)	-	(37,339)	-	-	-	(53,747)
Transfer to investment properties	(2,351)	-	-	-	-	-	-	(2,351)
Transfer from land held for property development	93	-	-	-	-	-	-	93
Transfer to other intangible assets	-	-	-	(154)	-	-	(4)	(158)
At 31.12.2015	185,689	286,493	572,611	889,882	79,817	150,668	62,499	2,227,659
Accumulated depreciation								
At 1.1.2015	63,797	67,542	177,094	397,573	30,437	81,893	-	818,336
Charge for the year	4,182	6,731	28,000	47,804	7,245	13,573	-	107,535
Disposals	-	-	-	(854)	(4,302)	(75)	-	(5,231)
Exchange differences	-	-	5,005	12,416	232	508	-	18,161
Write-offs	-	-	(4,411)	(12,204)	(70)	(7,280)	-	(23,965)
Transfer to non-current assets held for sale	-	(8,820)	-	(35,988)	-	-	-	(44,808)
Transfer to investment properties	(469)	-	-	-	-	-	-	(469)
At 31.12.2015	67,510	65,453	205,688	408,747	33,542	88,619	-	869,559

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings			Plant	Motor	Furniture,	Capital	
	Freehold	Long leasehold	Short leasehold	and machinery	vehicles and vessel	fittings, office and other equipment	work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated impairment losses								
At 1.1.2015 / 31.12.2015	476	-	523	-	-	430	-	1,429
Net book value at 31.12.2015	117,703	221,040	366,400	481,135	46,275	61,619	62,499	1,356,671
- cost	117,703	220,814	366,400	481,135	46,275	61,619	62,499	1,356,445
- valuation	-	226	-	-	-	-	-	226
	117,703	221,040	366,400	481,135	46,275	61,619	62,499	1,356,671
Group Cost/Valuation								
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 inventories	(2,844)	1,117	-	-	-	-	-	(1,727)
Transfer from 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM0.1 million (2014: RM0.7 million).

Property, plant and equipment of the Group with net book value of approximately RM211.4 million (2014: RM187.7 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
Cost			
At 1.1.2015	1,765	3,698	5,463
Additions	-	256	256
Disposals	-	(37)	(37)
Write-offs	-	(14)	(14)
At 31.12.2015	1,765	3,903	5,668
Accumulated depreciation			
At 1.1.2015	586	2,248	2,834
Charge for the year	134	349	483
Disposals	-	(36)	(36)
Write-offs	-	(13)	(13)
At 31.12.2015	720	2,548	3,268
Net book value at 31.12.2015	1,045	1,355	2,400
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

10. INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cost/Valuation				
At 1 January	305,955	312,682	340,073	337,212
Additions	3,161	423	3,161	2,873
Disposals	(126)	(694)	(15,826)	-
Write-offs	-	(18)	-	(12)
Transfer from property, plant and equipment	2,351	1,727	-	-
Transfer to non-current assets held for sale	-	(8,165)	-	-
At 31 December	311,341	305,955	327,408	340,073
Accumulated depreciation				
At 1 January	105,421	101,568	23,215	16,439
Charge for the year	4,738	5,137	6,479	6,783
Disposals	-	(272)	-	-
Write-offs	-	(13)	-	(7)
Transfer from property, plant and equipment	469	888	-	-
Transfer to non-current assets held for sale	-	(1,887)	-	-
At 31 December	110,628	105,421	29,694	23,215
Accumulated impairment losses				
At 1 January	4,911	7,024	4,022	4,022
Write back	(29)	(44)	-	-
Transfer to non-current assets held for sale	-	(2,069)	-	-
At 31 December	4,882	4,911	4,022	4,022
Net book value at 31 December	195,831	195,623	293,692	312,836
- cost	189,774	189,566	293,692	312,836
- valuation	6,057	6,057	-	-
	195,831	195,623	293,692	312,836
Fair value at 31 December	846,606	732,188	458,920	437,909

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

10. INVESTMENT PROPERTIES

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.

The fair value of the investment properties is within level 2 of the fair value hierarchy.

11. BIOLOGICAL ASSETS

	Group	
	2015 RM'000	2014 RM'000
Plantation development expenditure <i>(included under non-current assets)</i>		
Cost		
At 1 January	5,340	4,884
Additions	421	456
At 31 December	5,761	5,340
Accumulated depreciation		
At 1 January	2,188	2,007
Charge for the year	209	181
At 31 December	2,397	2,188
Net book value at 31 December	3,364	3,152
Biological assets <i>(included under current assets)</i>		
Livestock at cost/net realisable value	20,769	19,312

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

12. LAND HELD FOR PROPERTY DEVELOPMENT

Group Cost	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
At 1 January 2015	4,513	263	14,494	19,270
Additions	-	-	4,749	4,749
Transfer from property development costs	3,587	-	14,132	17,719
Transfer to property, plant and equipment	(42)	-	(51)	(93)
At 31 December 2015	8,058	263	33,324	41,645
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

13. GOODWILL

	Group	
Cost	2015 RM'000	2014 RM'000
At 1 January	73,876	74,615
Impairment of goodwill	(130)	(739)
At 31 December	73,746	73,876

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	
	2015 RM'000	2014 RM'000
Film exhibition and distribution	70,233	70,233
Environmental engineering, waste management and utilities	2,469	2,599
Chemicals trading and manufacturing	290	290
Other operations	754	754
	73,746	73,876

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 8.72% (2014: 12.73%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 12.36% (2014: 15.11%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

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

The recoverable amounts of the CGU of environmental engineering 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 3.00% to 10.00% (2014: between 1.00% to 10.00%) p.a., based on the long-term average growth rate of the respective industries. Pre-tax discount rates between 4.69% to 18.48% (2014: between 6.95% to 12.94%) are applied to cash flow projections which also reflect the specific risks relating to the CGUs.

Sensitivity to changes in assumptions

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

14. OTHER INTANGIBLE ASSETS

	Group	
	2015	2014
	RM'000	RM'000
Computer software		
<i>(included under non-current assets)</i>		
Cost		
At 1 January	13,394	12,036
Additions	1,415	1,482
Write-offs	(157)	(141)
Transfer from property, plant and equipment	158	6
Exchange differences	40	11
At 31 December	14,850	13,394

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14. OTHER INTANGIBLE ASSETS (CONTINUED)

	Group	
	2015 RM'000	2014 RM'000
Accumulated amortisation		
At 1 January	10,423	9,340
Charge for the year	1,462	1,213
Write-offs	(26)	(138)
Exchange differences	29	8
At 31 December	11,888	10,423
Carrying amount as at 31 December	2,962	2,971
Film rights		
<i>(included under current assets)</i>		
Cost		
At 1 January	75,894	68,922
Additions	18,897	11,814
Rights expired	(3,903)	(4,842)
At 31 December	90,888	75,894
Accumulated amortisation		
At 1 January	65,139	56,965
Charge for the year	17,477	13,016
Rights expired	(3,903)	(4,842)
At 31 December	78,713	65,139
Carrying amount as at 31 December	12,175	10,755

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares at cost	1,456,753	1,463,939
Impairment loss on unquoted shares at cost	(644)	(29,841)
	1,456,109	1,434,098

The subsidiaries are listed in note 54.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Shares quoted outside Malaysia				
at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	446,151	341,718	97,683	97,683
	8,526,520	8,422,087	8,782,312	8,782,312
Impairment loss on unquoted shares	(1,709)	-	(25)	(25)
Group's share of post-acquisition reserves	8,288,967	5,379,131	-	-
	16,813,778	13,801,218	8,782,287	8,782,287
Market value of quoted shares	10,465,882	10,048,314	10,465,882	10,048,314

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM342,000 and RM1,311,000 (2014: RM328,000 and RM969,000) 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

	2015 RM'000	2014 RM'000
Non-current assets	80,338,324	65,126,755
Current assets	80,760,129	85,840,796
Non-current liabilities	(30,794,585)	(27,837,723)
Current liabilities	(63,104,181)	(67,218,758)
Net assets	67,199,687	55,911,070
Revenue	152,725,655	141,150,359
Profit for the year	4,192,974	3,825,908
Other comprehensive loss	(3,731,477)	(944,169)
Total comprehensive income	461,497	2,881,739

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:

	2015 RM'000	2014 RM'000
Net assets	67,199,687	55,911,070
Proportion of ownership interest held by the Group	18.6%	18.3%
Group's share of net assets	12,465,542	10,254,090
Goodwill	4,413,891	3,598,298
Other adjustments		
- Non-controlling interests' share of associate's net assets	(758,520)	(588,147)
- Others	(21,533)	(19,239)
Carrying amount of the Group's interest in the associate	16,099,380	13,245,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group has received dividends from Wilmar International Ltd for the current year amounting to RM255.960 million (2014: RM227.182 million).

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

	2015 RM'000	2014 RM'000
Profit for the year	52,751	52,146
Other comprehensive (losses)/income	(9,030)	6,605
Total comprehensive income	43,721	58,751
Carrying amount of the Group's interests in associates	714,398	556,216

The associates are listed in note 55.

17. INVESTMENT IN JOINT VENTURE

	Group 2015 RM'000	2014 RM'000
Group's share of post-acquisition reserves	66,934	58,477

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

	2015 RM'000	2014 RM'000
Profit for the year	5,599	4,646
Total comprehensive income for the year	5,599	4,646

The joint venture is listed in note 56.

18. OTHER INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Classified as available-for-sale financial assets</u>				
Shares quoted in Malaysia	118,825	175,738	112,700	169,400
Shares quoted outside Malaysia	307,634	337,095	293,511	327,805
Unquoted shares	427	427	266	266
	426,886	513,260	406,477	497,471
<u>Classified as financial assets at fair value through profit or loss</u>				
Shares quoted outside Malaysia	312	412	-	-
	427,198	513,672	406,477	497,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

19. DEFERRED TAX ASSETS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	5,781	7,683	-	-
Exchange translation differences	21	13	-	-
Reversal during the year	(158)	(1,915)	-	-
At 31 December	5,644	5,781	-	-

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax effects of				
- Unabsorbed tax losses	8,373	3,173	-	-
- Unabsorbed capital allowances	6,238	5,224	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	(8,967)	(2,616)	-	-
	5,644	5,781	-	-

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed tax losses*	124,285	89,869	11,184	11,302
Unabsorbed capital allowances*	49,488	91,730	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(22,131)	(42,321)	-	-
	151,642	139,278	11,184	11,302

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

19. DEFERRED TAX ASSETS (CONTINUED)

* Pursuant to the relevant regulations, the unrecognised tax credits at the end of the reporting period will expire as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
- With no expiry	92,426	129,650	11,184	11,302
- Within 1 to 5 years	81,347	51,949	-	-
	173,773	181,599	11,184	11,302

20. AMOUNTS DUE FROM/TO SUBSIDIARIESAmount 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	
	2015	2014
	RM'000	RM'000
Raw materials	551,957	590,856
Work-in-progress	1,481	4,743
Finished goods	100,310	99,395
Completed development properties	6,619	4,417
Sundry stores and consumables	21,843	19,196
	682,210	718,607

The amount of inventories carried at net realisable value is RM4.272 million (2014: RM13.102 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

22. PROPERTY DEVELOPMENT COSTS

	Group	
	2015 RM'000	2014 RM'000
Freehold land - at cost	3,040	6,967
- at valuation	748	748
Development and construction costs	17,525	15,450
At 1 January	21,313	23,165
Development costs incurred during the year	13,406	20,102
Cost recognised in income statement during the year	(9,869)	(17,537)
Reclassification to land held for property development	(17,719)	-
Transferred to inventories	(2,167)	(4,417)
At 31 December	4,964	21,313

23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2015 RM'000	2014 RM'000
Aggregate contract expenditure incurred to-date	752,394	628,188
Attributable profit recognised to-date	85,625	82,343
	838,019	710,531
Progress billings to-date	(762,519)	(657,507)
	75,500	53,024
Gross amount due from customers	76,339	53,281
Gross amount due to customers	(839)	(257)
	75,500	53,024
Progress billings comprise:		
Progress billings		
- received	712,193	637,366
- receivable	39,831	11,202
Retention sums	10,495	8,939
	762,519	657,507

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

24. TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables	606,547	468,904	750	411
Allowance for doubtful debts	(13,000)	(12,961)	(49)	(26)
	593,547	455,943	701	385

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

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	67,663	115,178	995	1,965
Allowance for doubtful debts	(261)	(261)	(261)	(261)
	67,402	114,917	734	1,704
Interest receivables	1,469	1,590	1,320	1,367
Deposits	36,769	18,702	401	402
Prepayments	8,366	6,275	167	128
	114,006	141,484	2,622	3,601

26. AMOUNTS DUE FROM/TO ASSOCIATES

Amounts due from associates included under current assets

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade balances	2,175	240	-	-
Non-trade balances				
-Interest bearing ranging from 0.73% to 4.61% (2014: 0.73% to 4.72%) p.a.	32,942	28,017	6,105	4,809
-Interest-free	180,120	119,608	-	-
	215,237	147,865	6,105	4,809
Allowance for doubtful debts	(8,731)	(9,261)	-	-
	206,506	138,604	6,105	4,809

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

26. AMOUNTS DUE FROM/TO ASSOCIATES (CONTINUED)

Amounts due from associates included under current assets (continued)

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.

27. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group	
	2015 RM'000	2014 RM'000
Assets designated at fair value through profit or loss		
- Forward contracts	423	66
- Futures contracts	13,806	11,974
	<u>14,229</u>	<u>12,040</u>
Liabilities designated at fair value through profit or loss		
- Forward contracts	(3)	-
- Futures and options contracts	(4,706)	(17,269)
	<u>(4,709)</u>	<u>(17,269)</u>

28. DEPOSITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks				
- in Malaysia	385,834	391,631	232,095	238,047
- outside Malaysia	85,251	31,435	-	-
	<u>471,085</u>	<u>423,066</u>	<u>232,095</u>	<u>238,047</u>

The effective interest rates range from 0.15% to 6.50% (2014: 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 3.25% to 4.95% (2014: 2.15% to 4.50%) p.a..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

30. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM54.4 million (2014: RM56.1 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 2.1% to 2.15% (2014: 2% to 2.15%) p.a..

31. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale:

	Group	
	2015	2014
	RM'000	RM'000
Leasehold land and building	7,588	-
Freehold land and building	-	4,208
Plant and machinery	1,146	337
	8,734	4,545

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

	Group	
	2015	2014
	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 a leasehold land and building for a consideration of RM15.5 million pursuant to a sales and purchase agreement entered into on 29 December 2015 by a subsidiary. The disposal has not been completed as at 31 December 2015.
- (ii) Disposal of a leasehold land and building for a consideration of RM4.0 million pursuant to a resolution passed on 24 November 2015 by a subsidiary. The disposal has not been completed as at 31 December 2015.
- (iii) 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 which was completed in March 2015.
- (iv) 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 which was completed in January 2015.
- (v) Intention to dispose of plant and machinery of a subsidiary that are no longer in use in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

32. SHARE CAPITAL

	2015		2014	
	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

33. OTHER NON-DISTRIBUTABLE RESERVES

	Group	
	2015 RM'000	2014 RM'000
Revaluation reserve	40,477	44,668
Exchange translation reserve	2,729,110	258,819
Fair value reserve	(3,729)	89,626
Hedge reserve	(11,516)	76,897
Capital reserve	165,798	268,978
	2,920,140	738,988

Details of the capital reserve are as follows:

	Group	
	2015 RM'000	2014 RM'000
Share of capital reserves of associates	142,125	245,305
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
	165,798	268,978

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

34. LONG-TERM BANK BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
<i>Secured:</i>		
United States Dollar-denominated loans bearing interest at 2.25% p.a. above SIBOR (effective interest rate: 2.48% to 2.51% (2014: 2.25% to 3.50%) p.a.) repayable in instalments until 2018	75,995	84,036
United States Dollar-denominated loans bearing interest ranging from 0.7% p.a. above LIBOR (effective interest rate: 2.33% (2014: nil) p.a.) repayable in instalments until 2020	69,132	-
	145,127	84,036
Repayments due within the next 12 months included under short-term borrowings (<i>note 38</i>)	(33,957)	(22,052)
Repayments due after 12 months	111,170	61,984
The bank term loans are repayable as follows:		
- within one year (<i>included under current liabilities</i>)	33,957	22,052
- later than one year but not later than five years	111,170	61,984
	145,127	84,036

The long-term bank loans are secured by property, plant and equipment of the Group (see *Note 9*) at a carrying value of approximately RM211.4 million (2014: RM187.7 million) and a corporate guarantee by a subsidiary.

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	85,313	79,984	710	723
Originating/(Reversal) during the year	11,782	6,153	(5)	(13)
Exchange translation differences	130	30	-	-
Transfer to liabilities directly associated with non-current assets classified as held for sale	-	(854)	-	-
At 31 December	97,225	85,313	705	710

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

35. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	69,388	72,119	705	710
- Surplus on revaluation of land and buildings	11,344	10,385	-	-
- Unabsorbed capital allowances	(355)	-	-	-
- Unabsorbed tax losses	(214)	(6,107)	-	-
- Withholding tax on undistributed profit on foreign associates	13,682	10,891	-	-
- Unrealised gain/(loss) on foreign exchange	5,112	(612)	-	-
- Other temporary differences	(1,732)	(1,363)	-	-
	97,225	85,313	705	710

36. TRADE PAYABLES

The normal credit terms extended by suppliers of the subsidiaries range from 30 to 120 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts. The defects liability periods of construction contracts are between 12 and 24 months.

37. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unpaid property, plant and equipment (<i>note 44</i>)	15,977	23,447	-	-
Interest accrued	130	1,296	-	-
Other payables	41,785	100,058	96	29
Accruals	76,931	76,062	4,815	4,143
Tenants and other deposits	11,663	12,008	8,844	8,947
	146,486	212,871	13,755	13,119

In 2014, included in other payables was an amount of RM57.2 million due to non-controlling interests in subsidiaries. The amount represents unsecured advances bearing interest at 3.0% - 3.5% p.a. which are repayable on demand. Based on a debt conversion agreement entered into by a subsidiary's shareholders during the year, a portion of the advances due to non-controlling interests in subsidiaries amounting to RM28.6 million was capitalised. The remaining amount was repaid in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

38. SHORT-TERM BORROWINGS

	Group	
	2015	2014
	RM'000	RM'000
<i>Unsecured:</i>		
Banker's acceptance	91,000	188,283
Revolving credits	71,676	2,550
Short-term bank loans	419,034	278,404
	<u>581,710</u>	<u>469,237</u>
<i>Secured:</i>		
Current portion of long-term bank loans (<i>note 34</i>)	33,957	22,052
	<u>615,667</u>	<u>491,289</u>

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

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

	Group	
	2015	2014
	% p.a.	% p.a.
Banker's acceptance	3.55 - 3.66	2.60 - 4.31
Revolving credits	1.87 - 5.21	4.89 - 5.07
Short-term bank loans	<u>0.67 - 10.00</u>	<u>0.57 - 10.30</u>

39. BANK OVERDRAFTS

	Group	
	2015	2014
	RM'000	RM'000
Unsecured bank overdrafts	<u>34</u>	<u>271</u>

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% (2014: between 6.60% and 7.85%) p.a..

40. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2015	2014
	RM'000	RM'000
Effect of changes in equity interest in an associate		
- Retained earnings	<u>128,478</u>	<u>10,541</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

41. TRANSFER OF RESERVES

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

42. DIVIDENDS

	Group/Company	
	2015	2014
	RM'000	RM'000
<i>In respect of the financial year ended 31 December 2013</i>		
Final single tier dividend of 17 sen per share	-	201,535
<i>In respect of the financial year ended 31 December 2014</i>		
Interim single tier dividend of 7 sen per share	-	82,985
Final single tier dividend of 16 sen per share	189,680	-
	189,680	82,985
<i>In respect of the financial year ended 31 December 2015</i>		
Interim single tier dividend of 8 sen per share	94,840	-
	284,520	284,520

Subsequent to the financial year end, the Directors recommended the payment of a final single tier dividend of 17 sen per share amounting to RM201.5 million subject to shareholders' approval at the forthcoming Annual General Meeting.

43. ACQUISITION OF SHARES IN A SUBSIDIARY

The details of acquisition of additional interest in an existing subsidiary in 2015 are as follows:

Name of subsidiary	Cash consideration RM'000	Additional interest acquired %	Effective acquisition date
FFM Feedmills (Sarawak) Sdn Bhd	6,526	25.0	5 February 2015

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

	Group	
	2015	2014
	RM'000	RM'000
Non-controlling interests acquired	6,686	-
Excess of net assets acquired over consideration paid	(160)	-
Net cash outflow on acquisition	6,526	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment (<i>note 9</i>)	169,844	183,084	256	132
Interest expense capitalised	(90)	(701)	-	-
Deposits paid in prior year	(5,896)	(1,283)	-	-
Deposits paid in current year	21,419	5,896	-	-
Cash paid in respect of prior year acquisition	23,447	16,557	-	-
Unpaid balances included under other payables (<i>note 37</i>)	(15,977)	(23,447)	-	-
Cash paid during the financial year	192,747	180,106	256	132

45. RELATED PARTY DISCLOSURES

(a) Other than those disclosed elsewhere in the financial statements, the significant related party transactions during the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with subsidiaries</i>				
Sale of an investment property	-	-	68,830	-
Rental received	-	-	1,671	1,310
<i>Transactions with associates</i>				
Management fees received	836	944	-	-
Purchase of goods	5,215	5,547	-	-
Film rental received	750	896	-	-
<i>Transactions with a subsidiary of the ultimate holding company</i>				
Sales of goods	13,479	13,251	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

45. RELATED PARTY DISCLOSURES (CONTINUED)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with subsidiaries of associates</i>				
Purchase of goods	164,131	216,763	-	-
Sales of goods	61,092	2,531	-	-
Rental received	3,391	3,391	-	-
Security and other services paid and payable	6,457	5,384	-	-
Charter hire of vessels	37,205	68,219	-	-
Supervision fees received	1,163	-	-	-
Marketing fees received	2,894	-	-	-
Project management fees received	5,124	-	-	-

Significant outstanding trade balances with related parties were as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates	2,175	240	-	-
Amounts owing to associates	584	488	-	-

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<i>Directors</i>				
Short-term employee benefits	7,619	7,130	5,322	4,993
Post-employment benefits				
- EPF	461	410	326	285
Sub-total	8,080	7,540	5,648	5,278

NOTES TO THE FINANCIAL STATEMENTS

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45. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management personnel compensation (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Other key management personnel</i>				
Short-term employee benefits	19,900	17,977	2,378	2,224
Post-employment benefits				
- EPF	1,783	1,707	374	346
Sub-total	21,683	19,684	2,752	2,570
Total compensation	29,763	27,224	8,400	7,848

46. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits expense	286,037	266,121	20,062	18,808
Post-employment benefits	25,618	23,704	2,063	1,986

47. CAPITAL COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Authorised capital commitments</i>				
Property, plant and equipment and investment properties				
- contracted	65,880	34,390	4,173	3
- not contracted	232,671	321,842	3,740	8,283
	298,551	356,232	7,913	8,286
Other capital commitments				
- contracted	70,548	92,664	-	-
- not contracted	13,861	86,260	-	-
	84,409	178,924	-	-
Total capital commitments	382,960	535,156	7,913	8,286

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
- within one year	38,913	36,290	227	-
- later than one year but not later than five years	33,712	45,067	-	-
- later than five years	1,035	173	-	-
	73,660	81,530	227	-

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
- within one year	26,882	27,968	24,426	25,841
- later than one year but not later than five years	22,530	17,741	21,713	14,761
	49,412	45,709	46,139	40,602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

49. SEGMENTAL REPORTING

The Group's operating and reportable segments (excluding associates and joint venture) are business units engaged 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 (2014: none).

(a) By business segment

The segment structure in the financial report has been realigned with the Group's internal reporting structure. The realignment corresponds to the Group's objective to enhance synergy within its core operations and related businesses.

The Group's operations comprise the following reportable segments:

- | | | |
|-------|---|--|
| (i) | Grains and agribusiness | - Flour milling and manufacturing of animal feed, wheat and maize trading, production of day-old-chicks, eggs and other related downstream activities and oil palm plantations |
| (ii) | Consumer products | - Marketing and distribution of edible oils and consumer products, production and distribution of frozen food and bakery products, and manufacturing of toilet requisites and household products |
| (iii) | Film exhibition and distribution | - Exhibition and distribution of cinematograph films |
| (iv) | Environmental engineering and utilities | - Construction works specialising in the water and environmental industries and provision of waste management services |
| (v) | Property | - Letting of commercial properties and development of residential and commercial properties |
| (vi) | Investments in equities | - Investments in quoted and unquoted shares |
| (vii) | Other operations | - Chemical trading and manufacturing, investment holding, packaging, and others |

As part of this realignment, livestock farming and oil palm plantations have been combined into **grains and agribusiness**. The production and distribution of frozen food and bakery products both of which were previously components of other operations are now grouped together under **consumer products**. Chemical trading and manufacturing has been aggregated into **other operations**. The other reportable segments remain the same as per the former grouping. This segmental realignment has no impact on the consolidated segment revenue, profits, assets or liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

49. SEGMENTAL REPORTING (CONTINUED)

2015	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	2,596,678	590,709	435,571
Inter-segment sales	114,192	8	-
Total revenue	<u>2,710,870</u>	<u>590,717</u>	<u>435,571</u>
RESULTS			
Segment results	260,376	25,351	65,613
Share of associates' profits	6,801	434	8,009
Share of joint venture's profit	-	-	-
Interest income			
Income from short-term fund placements			
Finance costs			
Unallocated corporate expense			
Profit before tax			
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,236,349	498,179	313,522
Investments in associates	311,180	1,951	165,715
Investment in joint venture	-	-	-
Bank deposits and short-term fund placements			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	234,096	61,298	100,193
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	77,745	37,597	52,160
Unallocated corporate capital expenditure			
Amortisation and depreciation	53,826	14,634	51,718
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	(12,056)	994	404
Write back of impaired investment property	-	-	-
Impairment of goodwill	-	-	-
Impairment of investment in an associate	1,709	-	-
Impairment of non-current asset held for sale	-	-	-
Unallocated corporate non-cash items other than amortisation and depreciation			

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FOR THE YEAR ENDED 31 DECEMBER 2015

Environmental engineering & utilities RM'000	Property RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
255,313	63,022	7,388	99,633	-	4,048,314
8	2,344	-	33,636	(150,188)	-
<u>255,321</u>	<u>65,366</u>	<u>7,388</u>	<u>133,269</u>	<u>(150,188)</u>	<u>4,048,314</u>
10,572	25,166	8,140	3,604	-	398,822
5,622	3,253	-	765,769	-	789,888
5,599	-	-	-	-	5,599
					17,941
					16,310
					(29,743)
					(17,695)
					<u>1,181,122</u>
					(105,003)
					<u>1,076,119</u>
170,840	311,631	427,198	145,197	(584)	4,102,332
48,588	178,934	-	16,107,410	-	16,813,778
66,934	-	-	-	-	66,934
					918,103
					13,523
					10,804
					<u>21,925,474</u>
96,903	23,376	-	14,293	(584)	529,575
					726,877
					112,325
					4,126
					<u>1,372,903</u>
894	3,821	-	2,381	-	174,598
					243
					<u>174,841</u>
2,192	4,683	-	3,963	-	131,016
					405
					<u>131,421</u>
(89)	(476)	(708)	(3,250)	-	(15,181)
-	(29)	-	-	-	(29)
130	-	-	-	-	130
-	-	-	-	-	1,709
-	-	-	540	-	540
					(543)
					<u>(13,374)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

49. SEGMENTAL REPORTING (continued)

2014	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	2,359,977	600,457	370,771
Inter-segment sales	108,664	-	-
Total revenue	2,468,641	600,457	370,771
RESULTS			
Segment results	195,351	31,799	60,793
Share of associates' profits	8,647	-	3,916
Share of joint venture's profit	-	-	-
Interest income			
Income from short-term fund placements			
Finance costs			
Unallocated corporate expense			
Profit before tax			
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,037,418	464,358	290,073
Investments in associates	251,503	-	73,747
Investment in joint venture	-	-	-
Bank deposits and short-term fund placements			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	289,598	60,600	96,690
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	94,844	27,704	56,706
Unallocated corporate capital expenditure			
Amortisation and depreciation	44,478	13,181	40,917
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	3,852	465	1,816
Write back of impaired property, plant and equipment and investment property	-	-	(759)
Impairment of goodwill	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Environmental engineering & utilities RM'000	Property RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
138,562	81,874	9,675	139,692	-	3,701,008
665	2,004	-	41,066	(152,399)	-
<u>139,227</u>	<u>83,878</u>	<u>9,675</u>	<u>180,758</u>	<u>(152,399)</u>	<u>3,701,008</u>
5,272	38,004	8,453	(26,705)	-	312,967
6,530	4,368	-	696,035	-	719,496
4,646	-	-	-	-	4,646
					18,222
					10,800
					(21,279)
					(16,708)
					<u>1,028,144</u>
					(89,227)
					<u>938,917</u>
108,063	302,071	513,673	175,568	(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
					<u>18,605,179</u>
76,340	20,408	-	22,253	(5,271)	560,618
					553,585
					100,805
					8,855
					<u>1,223,863</u>
1,302	1,234	-	3,623	-	185,413
					32
					<u>185,445</u>
2,390	5,200	-	5,927	-	112,093
					354
					<u>112,447</u>
265	(2,156)	787	19,313	-	24,342
-	(44)	-	-	-	(803)
739	-	-	-	-	739
					<u>24,278</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	3,154,520	2,940,202	1,313,800	1,229,349
Indonesia	546,180	495,619	226,477	203,966
Singapore	48,814	51,311	122	90
Other ASEAN countries	285,118	192,943	133,820	125,785
East Asia	5,829	11,599	-	-
Other Asian countries	1,291	1,717	-	-
European countries	1,850	1,561	-	-
America and Asia Pacific countries and others	4,712	6,056	-	-
	4,048,314	3,701,008	1,674,219	1,559,190

50. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	Loans and receivables RM'000	Available-for-sale RM'000	At fair value through profit or loss RM'000	Total RM'000
Financial assets				
Group				
2015				
Other investments	-	426,886	312	427,198
Receivables	936,093	-	-	936,093
Derivative financial assets	-	-	14,229	14,229
Deposits, and cash and bank balances	749,325	-	-	749,325
Short-term fund placements	-	-	447,018	447,018
Total financial assets	1,685,418	426,886	461,559	2,573,863

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

50. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	Loans and receivables RM'000	Available- for-sale RM'000	At fair value through profit or loss RM'000	Total RM'000
Financial assets				
Group				
2014				
Other investments	-	513,260	412	513,672
Receivables	770,287	-	-	770,287
Derivative financial assets	-	-	12,040	12,040
Deposits, cash and bank balances	677,615	-	-	677,615
Short-term fund placements	-	-	401,696	401,696
Total financial assets	<u>1,447,902</u>	<u>513,260</u>	<u>414,148</u>	<u>2,375,310</u>
Company				
2015				
Other investments	-	406,477	-	406,477
Receivables	11,496	-	-	11,496
Deposits, cash and bank balances	235,576	-	-	235,576
Short-term fund placements	-	-	388,655	388,655
Total financial assets	<u>247,072</u>	<u>406,477</u>	<u>388,655</u>	<u>1,042,204</u>
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	<u>250,440</u>	<u>497,471</u>	<u>299,582</u>	<u>1,047,493</u>
Financial liabilities		At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
Group				
2015				
Payables		521,615	-	521,615
Borrowings		726,877	-	726,877
Derivative financial liabilities		-	4,709	4,709
Total financial liabilities		<u>1,248,492</u>	<u>4,709</u>	<u>1,253,201</u>
2014				
Payables		550,822	-	550,822
Borrowings		553,585	-	553,585
Derivative financial liabilities		-	17,269	17,269
Total financial liabilities		<u>1,104,407</u>	<u>17,269</u>	<u>1,121,676</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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			
Company			
2015			
Payables	19,943	-	19,943
Total financial liabilities	19,943	-	19,943
2014			
Payables	18,272	-	18,272
Total financial liabilities	18,272	-	18,272

(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 in quoted shares 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

50. FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets	Level 1	Level 2	Total
Group	RM'000	RM'000	RM'000
2015			
Other investments	426,771	-	426,771
Short-term fund placements	-	447,018	447,018
Forward contracts	-	423	423
Futures and options contracts	-	13,806	13,806
	<u>426,771</u>	<u>461,247</u>	<u>888,018</u>
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
	<u>513,245</u>	<u>413,736</u>	<u>926,981</u>
Company			
2015			
Other investments	406,211	-	406,211
Short-term fund placements	-	388,655	388,655
	<u>406,211</u>	<u>388,655</u>	<u>794,866</u>
2014			
Other investments	497,205	-	497,205
Short-term fund placements	-	299,582	299,582
	<u>497,205</u>	<u>299,582</u>	<u>796,787</u>
Financial liabilities			
Group			
2015			
Forward contracts	-	3	3
Futures and options contracts	-	4,706	4,706
	<u>-</u>	<u>4,709</u>	<u>4,709</u>
2014			
Forward contracts	-	-	-
Futures and options contracts	-	17,269	17,269
	<u>-</u>	<u>17,269</u>	<u>17,269</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015. If the following foreign currencies were to strengthen or weaken by 5% against RM with all other variables held constant, the Group profit before tax would decrease or increase as follows:

	Group	
	2015	2014
	RM'000	RM'000
United States Dollar ("USD")	13,689	5,824
Chinese Renminbi	7,580	560

As other foreign currency denominated monetary items as at 31 December 2015 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 RM587.7 million (2014: RM440.2 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Interest rate risk (continued)**

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2015. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group profit before tax would decrease or increase by RM3.6 million (2014: RM2.8 million), as a result of higher or lower interest expense on these borrowings.

A sensitivity analysis has been performed based on the carrying amount of the Group's and the Company's short-term fund placements and deposits as at 31 December 2015. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM4.6 million and RM3.1 million respectively (2014: RM4.1 million and RM2.7 million), as a result of higher or lower income earned from these placements.

(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.

At the reporting date, a 5% increase or decrease of the commodities price indices, with all other variables held constant, would have decreased or increased profit before tax and equity by RM14.6 million (2014: RM24.4 million).

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 2015. 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 before tax and equity would increase or decrease by the amounts as shown below:

	Group		Company	
	Profit before tax RM'000	Equity RM'000	Profit before tax RM'000	Equity RM'000
2015				
Other investments	<u>16</u>	<u>21,323</u>	<u>-</u>	<u>20,310</u>
2014				
Other investments	<u>21</u>	<u>25,642</u>	<u>-</u>	<u>24,860</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

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 RM62.5 million (2014: RM60.8 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 RM45.5 million (2014: RM50.5 million), financial guarantees amounting to RM8.0 million (2014: RM8.0 million) pledged in favour of the subsidiary of the Group and title deeds held in escrow for land valued at approximately RM10.0 million (2014: RM10.0 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
2015				
Not past due	456,931	-	-	-
Less than 30 days past due	79,604	(6)	500	(6)
Between 30 and 90 days past due	37,449	(12)	91	(12)
More than 90 days past due	34,738	(12,982)	159	(31)
	<u>608,722</u>	<u>(13,000)</u>	<u>750</u>	<u>(49)</u>
<u>Included under receivables</u>				
Trade receivables (note 24)	606,547	(13,000)	750	(49)
Amount due from associates (note 26)	2,175	-	-	-
	<u>608,722</u>	<u>(13,000)</u>	<u>750</u>	<u>(49)</u>
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)
	<u>469,144</u>	<u>(12,961)</u>	<u>411</u>	<u>(26)</u>
<u>Included under receivables</u>				
Trade receivables (note 24)	468,904	(12,961)	411	(26)
Amount due from associates (note 26)	240	-	-	-
	<u>469,144</u>	<u>(12,961)</u>	<u>411</u>	<u>(26)</u>

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FOR THE YEAR ENDED 31 DECEMBER 2015

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	12,961	11,878	26	74
Doubtful debts recognised	1,137	2,949	23	34
Doubtful debts written off	(669)	(725)	-	(45)
Doubtful debts written back	(633)	(1,159)	-	(37)
Exchange translation differences	204	18	-	-
At 31 December	13,000	12,961	49	26

(e) Liquidity risk

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

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

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

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

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

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
2015			
Payables	521,615	-	521,615
Borrowings	634,038	115,092	749,130
Derivative financial liabilities	4,709	-	4,709
	1,160,362	115,092	1,275,454
2014			
Payables	550,822	-	550,822
Borrowings	496,390	64,082	560,472
Derivative financial liabilities	17,269	-	17,269
	1,064,481	64,082	1,128,563

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk (continued)

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Company			
2015			
Payables	19,943	-	19,943
	<u>19,943</u>	<u>-</u>	<u>19,943</u>
2014			
Payables	18,272	-	18,272
	<u>18,272</u>	<u>-</u>	<u>18,272</u>

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 2015 and 31 December 2014.

Total borrowings to capital ratio was as follows:

	Group	
	2015 RM'000	2014 RM'000
Share capital	1,185,500	1,185,500
Reserves	18,731,477	15,635,013
Total capital	<u>19,916,977</u>	<u>16,820,513</u>
Short-term borrowings	615,701	491,560
Long-term borrowings	111,170	61,984
Hire purchase liabilities	6	41
Total borrowings	<u>726,877</u>	<u>553,585</u>
Total borrowings to capital ratio (times)	<u>0.04</u>	<u>0.03</u>

53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 24 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

54. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
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 and provision of management services
* 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 members' voluntary winding up
* FFM Feedmills (Sarawak) Sdn Bhd	100.0	75.0	Malaysia	Manufacturing and trading of animal feed and its by-products
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 management 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 Grains & Mills Sdn Bhd (formerly known as FFM Flour Mills (Sarawak) Sdn Bhd)	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

54. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Vietnam Flour Mills Ltd	100.0	100.0	Socialist Republic of Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	51.0	51.0	Socialist Republic of Vietnam	Wheat flour milling and the sale of flour, flour-based products and by-products
Tego Sdn Bhd	79.9	79.9	Malaysia	Sales of polyethylene and polypropylene woven bags and fabrics and investment holding
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	Manufacturing and distribution 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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

54. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	In members' voluntary winding up
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
* 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
GSC Cambodia Ltd	100.0	-	Malaysia	Investment holding
Golden Screen Cinemas (Cambodia) Co., Ltd	100.0	-	Kingdom of Cambodia	Dormant
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	In members' voluntary winding up
PPB Property Development Sdn Bhd	100.0	100.0	Malaysia	Provision of project management, property management and marketing services
* 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

54. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacture and wholesale of toilet requisites, household and chemical products
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Property investment
CWM Group Sdn Bhd	100.0	100.0	Malaysia	Construction works specialising in the water and environmental industry
Cipta Wawasan Maju Engineering Sdn Bhd	70.0	70.0	Malaysia	Builders and contractors for general engineering and construction works
SES Environmental Services Sdn Bhd	50.1	50.1	Malaysia	Investment holding
Solar Status Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* AWS Sales & Services Sdn Bhd	80.0	80.0	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
Sitamas Environmental Systems Sdn Bhd	70.0	70.0	Malaysia	Provision of refuse disposal services
Zegwaard Bumianda Sdn Bhd	100.0	100.0	Malaysia	Provision of liquid waste disposal services
Entrol Systems Sdn Bhd	100.0	100.0	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage collection and disposal services
Malayan Adhesives & Chemicals Sdn Bhd	99.6	99.6	Malaysia	Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding
* 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.	51.0	51.0	The People's Republic of China	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

54. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
* 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
	2015 %	2014 %		
Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property investment, investment holding and provision of management services
* Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development and investment in real properties
Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	In members' voluntary winding up
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	In members' 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

55. ASSOCIATES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
* Meizan CLV Corporation	50.0	-	Socialist Republic of Vietnam	Dormant
*# Wilmar International Ltd ("Wilmar")	18.6	18.3	Singapore	Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertiliser manufacturing as well as flour and rice milling
* PT Tri Persada Mulia	30.0	30.0	Indonesia	Dormant
* 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
* 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

55. ASSOCIATES (CONTINUED)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2015 %	2014 %		
* 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	35.0	Malaysia	Film production
* Medan Multimedia Sdn Bhd	19.0	19.0	Malaysia	Film production
* Galaxy Studio Joint Stock Company	40.0	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.

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
	2015 %	2014 %		
* 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/(accumulated losses) of the Group and the Company are analysed as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits/(accumulated losses) of the Company and subsidiaries:				
- Realised	12,742,306	12,380,925	10,690,080	10,603,944
- Unrealised	(84,591)	(92,733)	(689)	(706)
	12,657,715	12,288,192	10,689,391	10,603,238
Total share of retained profits/(accumulated losses) from associates:				
- Realised	151,631	149,566	-	-
- Unrealised	(1,543)	(1,587)	-	-
- Wilmar International Ltd *	5,265,268	4,620,617	-	-
Total share of retained profits from joint venture:				
- Realised	9,462	8,034	-	-
	18,082,533	17,064,822	10,689,391	10,603,238
Less: Consolidation adjustments	(2,277,911)	(2,175,512)	-	-
Total Group's and Company's retained profits as per accounts	15,804,622	14,889,310	10,689,391	10,603,238

- * 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 68 to 155 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 2015 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
24 March 2016

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 68 to 155 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the
Federal Territory on this
24th day of March 2016

Before me,

Tan Seok Kett
Commissioner for Oaths
Malaysia
No. W530

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 2015 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 68 to 155.

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 2015 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PPB GROUP BERHAD

Other Reporting Responsibilities

The supplementary information set out on page 156 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
24 March 2016

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 2015 were as follows:

Name of entity	Fees (RM)	Purpose
Mazars	6,000	Review of statement on risk management and internal control
Mazars	19,550	Revenue certification
Mazars Taxation Services Sdn Bhd	160,530	Tax advisory services
Mazars Taxation Services Sdn Bhd	46,000	Special audit on tax refund

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 2015.

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 2015.

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 2015 pursuant to the shareholders' mandate obtained at the 46th Annual General Meeting are as follows:

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	Year 2015 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	159,811	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	2,637	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")	5,293	PGEO is a wholly-owned subsidiary of PGSB.

ADDITIONAL COMPLIANCE INFORMATION

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	Year 2015 Actual RM'000	Nature of relationship
Purchase of crude palm oil from Sapi			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	4,250	Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected with PGSB.
Charter hire of vessels from RSI			
FFM Group	Raffles Shipping International Pte Ltd ("RSI")	37,205	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
Sale of flour and pollard to Wilmar Group			
FFM Group	Wilmar Group	58,461	Wilmar is a person connected with PGSB.
Payment of advisory fee to WTC			
FFM Group	Wilmar Trading (China) Pte Ltd ("WTC")	448	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")	-	WEO is an indirect 100%-owned subsidiary of Wilmar.
Purchase of soyabean meal from WTC			
FFM Group	WTC	70	WTC 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")	12,143	Min Tien is a 51.7%-owned subsidiary of KBSB, a major shareholder of PPB.
Purchase of consumer products from CQ			
FFM Marketing Sdn Bhd	Chemquest Sdn Bhd ("CQ")	45	KBSB, a major shareholder of PPB, has 45% direct interest in CQ.

* FFM is an 80%-subsidiary of PPB.

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 31.12.2015 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	-	318
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	-	24,824
Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh Gurun	Poultry breeder farm & oil palm plantation	21.2.1995	19	103 hectares	43,633 sq metres	Freehold	-	9,909
STATE OF PENANG								
Plot 352-355 & 362-364, Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory & office building leased out	28.4.1989	39	24,922 sq metres	7,209 sq metres	Leasehold	2111	8,198
Plot 99(1), MK1, Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	33	21,092 sq metres	10,320 sq metres	Leasehold	2111	10,363
Plot 100(1), MK1, Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	10.2.1989	33	13,491 sq metres	8,652 sq metres	Leasehold	2111	21,249
Plot 571, MK13, Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land	4.11.1990	-	1,305 sq metres	-	Leasehold	2111	197
Odeon Penang No 130, Penang Road, 10000 Penang	Property leased out	16.4.1990	69	1,084 sq metres	1,213 sq metres	Freehold	-	435
		16.4.1990	-	281 sq metres	-	Leasehold	2038	64

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 31.12.2015 RM'000
STATE OF PENANG (CONTINUED)								
Lot No 31, 336-339, 340, 342, 343 & 438, Section 15, City of Georgetown, Penang	Commercial building leased out	30.9.1976	9	2 hectares	13,662 sq metres	Freehold	-	19,267
	Vacant land	12.7.2013	-	264 sq metres	-	Freehold	-	
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	-	9,092
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	-	22,682
STATE OF PERAK								
Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	59	3,949 sq metres	1,673 sq metres	Freehold	-	1,039
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	22	8,018 sq metres	3,091 sq metres	Leasehold	2045	1,009
Block G4 & G5, Lumut Industrial Park, Lumut	Land leased out	28.12.1995	19	80,940 sq metres	-	Leasehold	2105	5,561
Lot 950, Batu 9, Sg Limau, 34850 Trong	Layer farm & oil palm plantation	25.10.1996	17	220 hectares	47,606 sq metres	Freehold	-	35,336

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 31.12.2015 RM'000
STATE OF SELANGOR								
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	8 to 14	208,156 sq metres	81,624 sq metres	Leasehold	2097	163,009
Lot 2824-2827 & PT 45125, Mukim Sg Buloh, Selangor Darul Ehsan	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	5 to 18	243,415 sq metres	13,177 sq metres	Freehold	-	65,430
1-17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shop-houses & offices leased out	16.4.1990	33	1,408 sq metres	4,907 sq metres	Freehold	-	2,621
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	45	33,946 sq metres	7,639 sq metres	Leasehold	2069	7,404
Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam	Office building	22.2.1993	27	11,458 sq metres	3,977 sq metres	Leasehold	2018	454
16/8A Jln Pahat, 40700 Shah Alam	Office building	1.1.2004	35	3,837 sq metres	1,237 sq metres	Leasehold	2067	620
WILAYAH PERSEKUTUAN								
Lot 2883, Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	1,376 sq metres	-	Freehold	-	101
Lot 39727 & Lot 39729, Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	3,582 sq metres	-	Leasehold	2077 & 2080	263
Cheras LeisureMall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	21	21,225 sq metres	70,488 sq metres	Leasehold	2077 & 2080	56,814
Cheras Plaza No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	29	5,130 sq metres	20,143 sq metres	Leasehold	2077	12,691
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	3,228 sq metres	Leasehold	2091	980

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 31.12.2015 RM'000
STATE OF NEGERI SEMBILAN								
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	23	678,481 sq metres	45,360 sq metres	Freehold	-	14,021
PT 1295, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	24	38,209 sq metres	11,160 sq metres	Freehold	-	10,883
Lot 3978, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	19 to 44	27,066 sq metres	23,788 sq metres	Leasehold	2067	14,584
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang, 70000 Seremban	Cineplex	26.2.1996	20	-	1,811 sq metres	Freehold	-	3,965
STATE OF MALACCA								
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	20	4,940 sq metres	2,091 sq metres	Leasehold	2090	785
H.S (D) 65173, PT 6667, Mukim of Krubong, District of Melaka Tengah	Vacant land	8.9.2011	-	14,415 sq metres	-	Leasehold	2107	4,256
STATE OF JOHOR								
Southern Marina Residences, Tower 1 PT No. 199663, H.S. No. 537344	Condominium (Building under construction)	23.1.2015	-	-	431 sq metres	Freehold	-	858
PTD119742, Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory & office building	7.1.1989	31 to 39	36,891 sq metres	20,823 sq metres	Leasehold	2049	11,429
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory leased out	10.10.1987 14.7.1988	19 to 27	121,490 sq metres	14,532 sq metres	Leasehold	2049 & 2050	20,513
Cathay Muar No 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	59	1,623 sq metres	1,145 sq metres	Freehold	-	293
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	-	375

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 31.12.2015 RM'000
STATE OF JOHOR (CONTINUED)								
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	-	520
Plaza Cinema 1 & 2 F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru	Shoplot leased out	31.7.1992	26 & 27	-	3,751 sq metres	Freehold	-	10,583
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	16	34,981 sq metres	4,342 sq metres	Freehold	-	8,775
PTD119741 (Lot 66242), Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Feedmill factory & office building	11.3.14	26	22,673 sq metres	15,920 sq metres	Leasehold	2050	12,961
STATE OF PAHANG								
No 19, Jln IM 3/1, Bandar Indera Mahkota, 25200 Kuantan	Office building & warehouse	12.7.1997	17	7,810 sq metres	1,952 sq metres	Leasehold	2061	1,514
STATE OF KELANTAN								
Lot 5049 PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu	Warehouse & office building	30.12.2001	9	14,157 sq metres	3,454 sq metres	Leasehold	2063	2,189
STATE OF SARAWAK								
Lot 2231, Pending Industrial Estate, Kuching	Factory & office building	13.11.1984 18.6.1987 15.3.1989	32	6,812 sq metres	4,292 sq metres	Leasehold	2040	3,261
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory & office building	6.12.1999	12	21,350 sq metres	11,194 sq metres	Leasehold	2059	17,229
Lot 137 Block 5, Undup Land District, Sri Aman	Vacant agricultural land	9.3.1996	-	18,130 sq metres	-	Leasehold	2017	7
Lot 1133 Block 8, Muara Tebas Land District, Kuching	Warehouse & office building	17.5.2004	10	10,520 sq metres	3,135 sq metres	Leasehold	2064	3,157
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	362
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	56	1,486 sq metres	1,801 sq metres	Leasehold	2110	669

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 31.12.2015 RM'000
STATE OF SABAH								
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	23	10,927 sq metres	3,954 sq metres	Leasehold	2032	2,747
Lot No 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	5	12,096 sq metres	5,230 sq metres	Leasehold	2097	27,043
Lot 31, Industrial Zone 4, KKIP, Kota Kinabalu	Warehouse & office building	24.7.2006	9	9,955 sq metres	3,060 sq metres	Leasehold	2098	2,790
CL 075149325, Karamunting, Sandakan	Land for future development	10.8.1996	-	58,315 sq metres	-	Leasehold	2881	1,860
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Land leased out	16.4.1990	-	1,282 sq metres	-	Leasehold	2053	536
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	146
INDONESIA								
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	7	31,723 sq metres	71,160 sq metres	Leasehold	2037	135,799

STATEMENT OF SHAREHOLDINGS

AS AT 15 MARCH 2016

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	958	10.51	20,936	0.01
100-1,000	2,432	26.68	1,563,449	0.13
1,001-10,000	3,967	43.53	16,228,272	1.37
10,001-100,000	1,407	15.44	44,238,568	3.73
100,001 to less than 5% of issued shares	347	3.81	491,782,774	41.48
5% and above of issued shares	3	0.03	631,665,883	53.28
	9,114	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				
Tan Sri 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				
Tan Sri Datuk Oh Siew Nam	-	-	18,000	0.10
Kuok Brothers Sdn Berhad - Holding Company				
Tan Sri 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				
Tan Sri Datuk Oh Siew Nam	-	-	100,000	0.27

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

STATEMENT OF SHAREHOLDINGS

AS AT 15 MARCH 2016

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	85,996,579	7.25	-	-	85,996,579	7.25

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>	86,071,579	7.26
3. Kuok Brothers Sdn Berhad	72,882,932	6.15
4. Kuok Brothers Sdn Berhad	49,296,514	4.16
5. Nai Seng Sdn Berhad	40,826,500	3.44
6. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For Credit Suisse (SG BR-TST-Asing)</i>	33,980,490	2.87
7. Kumpulan Wang Persaraan (Diperbadankan)	33,898,900	2.86
8. Amanahraya Trustees Berhad <i>For Amanah Saham Bumiputera</i>	19,159,400	1.62
9. Kuok Foundation Berhad	17,119,720	1.44
10. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For Morgan Stanley & Co. International PLC (Client)</i>	16,333,802	1.38
11. Amanahraya Trustees Berhad <i>For Amanah Saham Wawasan 2020</i>	14,143,200	1.19
12. Amanahraya Trustees Berhad <i>For Amanah Saham Malaysia</i>	12,640,200	1.07
13. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For State Street Bank & Trust Company (West CLTOD67)</i>	11,402,970	0.96
14. Chinchoo Investment Sdn Berhad	10,184,100	0.86
15. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited</i> <i>For Government of Singapore (C)</i>	9,880,900	0.83
16. HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston</i> <i>For Vanguard Emerging Markets Stock Index Fund</i>	9,880,408	0.83

STATEMENT OF SHAREHOLDINGS

AS AT 15 MARCH 2016

Name of Shareholders	No. of Shares	% of Issued Capital
17. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For JPMorgan Chase Bank, National Association (U.S.A.)</i>	8,263,862	0.70
18. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY</i> <i>For Dimensional Emerging Markets Value Fund</i>	8,172,266	0.69
19. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For UOB Kay Hian (Hong Kong) Limited (a/c Clients)</i>	6,948,046	0.59
20. Amanahraya Trustees Berhad <i>For As 1Malaysia</i>	6,841,200	0.58
21. Gaintique Sdn Bhd	5,933,300	0.50
22. Ophir Holdings Berhad	5,841,754	0.49
23. Key Development Sdn Berhad	5,000,000	0.42
24. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt AN</i> <i>For Eastspring Investments Berhad</i>	4,245,600	0.36
25. Ang Poon Tiak	3,510,000	0.30
26. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad</i> <i>For Public Ittikal Fund (N14011970240)</i>	3,500,000	0.30
27. Amanahraya Trustees Berhad <i>For Amanah Saham Didik</i>	3,345,800	0.28
28. Universiti Kebangsaan Malaysia	3,323,608	0.28
29. Citigroup Nominees (Asing) Sdn Bhd <i>For UBS AG</i>	2,672,537	0.22
30. Ophir Holdings Berhad	2,666,666	0.22
	980,677,626	82.72

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Tuesday, 10 May 2016 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 47th Annual General Meeting of PPB Group Berhad will be held at the Sabah Room, B2 Level, Shangri-La Hotel Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Tuesday, 10 May 2016 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2015 as recommended by the Directors. (Resolution 2)
3. To approve an increase in Directors' fees. (See Explanatory Note 1) (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 Dato Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Resolution 4)
 - 4.2 Madam Tam Chiew Lin (Resolution 5)
5. To re-appoint Tan Sri 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 2) (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 3)

(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 with PGEO Group Sdn Bhd; and
- (ii) persons connected with Kuok Brothers Sdn Berhad.

(Resolution 9)

(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 19 April 2016. (See Explanatory Note 4)

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 19 April 2016. (See Explanatory Note 5)

- 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 26 February 2016 that subject to the approval of shareholders at the Annual General Meeting to be held on 10 May 2016, a final single tier dividend of 17 sen per share in respect of the financial year ended 31 December 2015 is payable on 25 May 2016 to members whose names appear in the Record of Depositors on 13 May 2016.

A Depositor shall qualify for entitlement in respect of:

- i) Shares transferred into the Depositor's securities account before 4.00 pm on 13 May 2016 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
19 April 2016

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 28 April 2016 shall be regarded as a member of the Company entitled to attend, speak and vote at the AGM.

EXPLANATORY NOTES

1. Proposed increase in Directors' fees

The basic fee payable to non-salaried Directors is proposed to be increased from RM50,000/- to RM60,000/- per Director for financial year 2015. Arising therefrom, the total fees payable to non-salaried Directors would amount to RM375,000/-.

NOTICE OF ANNUAL GENERAL MEETING

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

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

SPECIAL BUSINESS

3. Authority to issue shares pursuant to Section 132D of the Companies Act 1965

The proposed Ordinary Resolution 8 is to seek a renewal of the general authority for the issue of new ordinary shares in PPB pursuant to Section 132D of the Companies Act 1965 which was approved by shareholders at the AGM held last year. The Company did not issue any new shares after the mandate was obtained at the last AGM.

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

The proposed Resolution 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.

4. 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 19 April 2016 despatched together with the Company's 2015 Annual Report.

5. 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, 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 19 April 2016 despatched together with the Company's 2015 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) Dato Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
- b) Madam Tam Chiew Lin
- c) Tan Sri Datuk Oh Siew Nam

An assessment of the Board's performance, including the independence of the independent Directors, is carried out annually. The details of the above Directors are set out in the Directors' profiles on pages 30 to 33 of the Annual Report.

Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 169 of the Annual Report.



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 47th Annual General Meeting of the Company to be held on Tuesday, 10 May 2016 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 2015 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend.		
3	To approve an increase in Directors' fees.		
4	To re-elect Dato Capt Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director.		
5	To re-elect Madam Tam Chiew Lin as a Director.		
6	To re-appoint Tan Sri 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 with PGEO Group Sdn Bhd.		
10	To approve a shareholders' mandate for RRPTs with persons connected with 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 _____ 2016.

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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affix
stamp
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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.
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