



PPB GROUP BERHAD

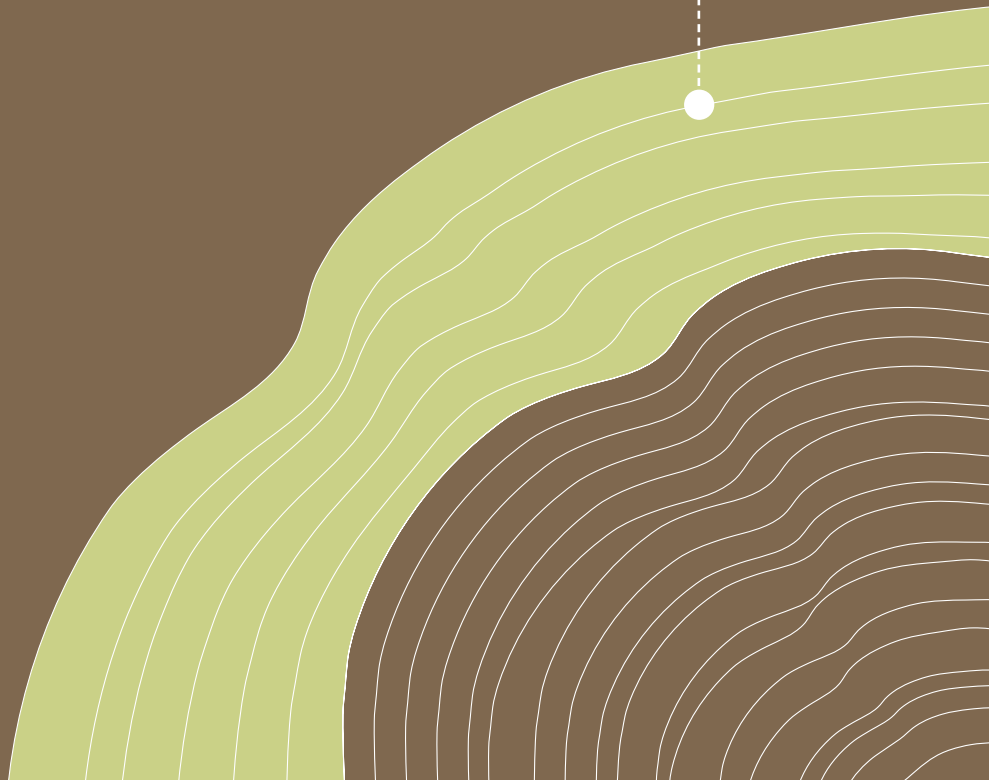
# GROWTH & SUSTAINABILITY



ANNUAL REPORT

**2010**

The theme of '**Growth and Sustainability**' reflects PPB Group's vision and expansionary approaches in delivering quality products and services to customers as well as delivering optimum investment returns to shareholders and stakeholders.







# CONSUMER PRODUCTS



## ● THE CORPORATION

Chairman's Statement	08
Group Financial Highlights	14
Simplified Consolidated Statements Of Financial Position	15
Directors' Profiles	16
Corporate Structure	20
Corporate Information	22
Group's Corporate Events In 2010	23
Financial Calendar	24
Corporate Governance Statement	25
Audit Committee Report	32
Statement On Internal Control	35
Corporate Social Responsibility Statement	37
Additional Compliance Information	42

## ● THE FINANCIALS

5-Year Group Financial Statistics	46
Segmental Analysis	48
Share Performance Chart	49
Additional Financial Information	50
Directors' Responsibility Statement	51
Directors' Report	52
Financial Statements	59
Consolidated Income Statement	60
Consolidated Statement Of Comprehensive Income	61
Consolidated Statement Of Financial Position	62
Consolidated Statement Of Changes In Equity	64
Consolidated Statement of Cash Flows	66
Income Statement	69
Statement Of Comprehensive Income	69
Statement Of Financial Position	70
Statement Of Changes In Equity	71
Statement Of Cash Flows	72
Notes To The Financial Statements	74
Supplementary Information	171
Statement By Directors	172
Statutory Declaration	172
Independent Auditors' Report	173



# CONTENTS

## ● THE PROPERTIES & SHAREHOLDINGS

Properties Owned By PPB And Its Subsidiaries	178
Statement Of Shareholdings	183
Group Corporate Directory	186
Notice Of Annual General Meeting	188
Statement Accompanying The Notice Of Annual General Meeting	190
Proxy Form	

## THE CORPORATION

Chairman's Statement	08		Group Financial Highlights	14			
Simplified Consolidated Statements Of Financial Position	15		Directors' Profiles	16			
Corporate Structure	20		Corporate Information	22		Group's Corporate Events In 2010	23
Financial Calendar	24		Corporate Governance Statement	25		Audit Committee Report	32
Statement On Internal Control	35		Corporate Social Responsibility Statement	37			
Additional Compliance Information	42						



A wooden mortar and pestle are shown in the lower half of the image. The mortar is filled with a dark brown powder, and a small amount of white powder is visible on the left side. The pestle is positioned to the right of the mortar. The background is a light beige color with several thin, white, wavy lines that create a sense of movement and depth.

• FROM THE  
BEGINNING,

we ensured consistency in  
providing essential products  
to our customers.

# CHAIRMAN'S STATEMENT

ON

BEHALF OF  
THE BOARD OF  
DIRECTORS OF PPB  
GROUP BERHAD,  
IT GIVES ME  
GREAT PLEASURE  
TO PRESENT TO  
YOU THE ANNUAL  
REPORT AND  
AUDITED FINANCIAL  
STATEMENTS OF  
THE COMPANY AND  
THE GROUP FOR  
THE YEAR ENDED  
31 DECEMBER 2010.



## GROUP RESULTS

PPB Group achieved a strong set of results for the financial year ended 31 December 2010 with a 10% increase in revenue to RM2.3 billion driven by higher revenue contribution from flour and feed milling; film exhibition and distribution; chemicals trading and manufacturing operations.

Profit for the year from continuing operations was lower at RM1.1 billion compared with RM1.4 billion in the previous year mainly due to lower profit contribution from our 18.3% associate, Wilmar International Limited (Wilmar) as a result of the weaker performance of its oilseeds and grains segment. However, total profit for the year improved 17% with the gain of RM841 million from the disposal of the Group's sugar-related assets in January 2010.

Profit attributable to shareholders increased to RM1.9 billion from RM1.6 billion which translates to earnings per share of RM1.59 compared with RM1.36 the year before.

## MAJOR CORPORATE EXERCISE COMPLETED

In January 2010, PPB completed the disposal of its sugar-related assets to Felda Global Ventures Holdings Sdn Bhd (FGVH) comprising 100% equity interest in Malayan Sugar Manufacturing Company Berhad, its 50% equity interest in Kilang Gula Felda Perlis Sdn Bhd and parcels of land in Chuping of approximately 5,797 hectares. Our 49% associate, Grenfell Holdings Sdn Bhd, also disposed of 20% equity interest in Tradewinds (M) Berhad to FGVH.

The above disposals recorded a gain of RM841 million for the financial year under review.

FFM Berhad (FFM) entered into a Subscription Agreement with PGEO Group Sdn Bhd (PGEO), a wholly-owned subsidiary of Wilmar on 2 December 2010 for the proposed issuance of 55.781 million new FFM shares equivalent to 20% of the enlarged share capital of FFM to PGEO for a total subscription sum of approximately RM378 million. On the same date, FFM entered into a Memorandum of Understanding with Wilmar for the potential acquisition of 20% equity interest in selected subsidiaries of Wilmar engaged in flour milling in the People's Republic of China. The subscription was completed on 8 March 2011.

## DIVIDENDS

In view of the strong financial performance, the Board is pleased to recommend for shareholders' approval a final single tier dividend of 18 sen per share for the financial year ended 31 December 2010. The final dividend is payable on Friday, 10 June 2011 subject to shareholders' approval at the forthcoming Annual General Meeting.

The Company paid a special single tier dividend of 65 sen per share on 28 September 2010 in consideration of the cash flow and profits generated from the sale of the Group's sugar-related assets.

Together with the interim single tier dividend of 5 sen per share which was also paid on 28 September 2010, the total dividend for the financial year ended 31 December 2010 would be 88 sen per share amounting to RM1,043 million as compared with RM865 million paid for financial year 2009.



## CHAIRMAN'S STATEMENT

### OVERVIEW OF OPERATIONS

#### FOOD MANUFACTURING ACTIVITIES

The grains trading, flour and feed milling division of the Group had a favourable year with revenue improving by 9% driven by higher sales in the Indonesian market with the steady pickup in flour sales from its 1,000 mt flour mill in Cilegon, Indonesia which commenced operations in October 2009.

This division was the largest contributor to Group profits and for the year under review, profits grew a significant 66% with higher sales and better margins.

With the opening of the new 220 mt per day flour mill in Kota Kinabalu in the first quarter of 2011, the Group is now well positioned to serve all its customers throughout the country with much greater efficiency. Together with the Kota Kinabalu mill, the Group's four (4) other flour mills located at Prai, Port Klang, Pasir Gudang and Kuching have a total wheat milling capacity of 2,550 mt per day.

The Group first invested downstream in food processing in 2007 to manufacture a selection of premium sausages, nuggets and other finger foods under the "Marina" and "Seri Murni" brands. In 2010, the Group focused on media advertising and shop-floor promotions to increase public awareness and demand for its frozen products. As a result, plant output doubled compared to 2009 and the Group plans to expand Phase 2 of the production plant including increasing its cold room storage to cater for growing demand.

In 2011, the Group is starting yet another complementary business in the commercial production of loaf breads and buns at its bakery situated next to FFM's current flour mill complex at Pulau Indah.

#### CONSUMER PRODUCTS

In line with the country's strong economic growth in 2010, the consumer products marketing and distribution division registered an improvement in revenue of 9% to RM369 million contributing a profit growth of 20% to RM16 million. The better performance was attributable to the growth in our in-house products especially from the frozen food business. Most major agency products were performing in line with expectations which added to the overall improved results.



#### LIVESTOCK FARMING

Bolstered by higher selling prices of day-old chicks and table eggs, the farming operations achieved a 128% increase in profits to RM8 million against revenue of RM95 million. Production of chicks increased by 7.6% whilst table eggs output was lower by 6.6%. The Sua Betong Farm added 2 double-storey chicken houses which have been stocked with young breeder birds. A new hatchery has also been added which will be equipped with new incubators ready for operations in the second quarter of 2011 to increase production.

This business remains competitive as additional production is anticipated from major breeder and layer producers. However, with continuous expansion and upgrading of the farms, this division will be able to reduce production cost to compete effectively in the industry.

#### ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

For the year under review, the Group's environmental engineering, waste management and utility business performed satisfactorily. This division remains focused on its core expertise in water treatment, sewage treatment, flood mitigation and solid waste management. For the year under review, Chemquest Sdn Bhd (Chemquest) completed and commissioned three (3) water projects and one (1) flood mitigation scheme comprising a 9.6 ha flood detention pond in Kawasan Bertam, Kepala Batas with a combined contract sum of RM117 million.



In 2010, Chemquest secured three (3) water projects with a total contract value of approximately RM140 million in Pahang, Selangor and Sarawak.

#### FILM EXHIBITION AND DISTRIBUTION

The film exhibition and distribution operations continued to perform well to deliver another record year of profits. Profits achieved in 2010 of RM44 million represented a growth of 54% from the previous year, on the back of higher revenue of RM253 million. The better performance was driven by the maturing of the newly opened cinemas and the strong movie titles released during the year. The increase in the number of 3D movies also attracted more movie-goers to the big screen.

For the year under review, Golden Screen Cinemas (GSC) opened its second multiplex of 8 screens in Kota Kinabalu at Suria Sabah Mall which housed the first 3D hall in East Malaysia. It also opened the largest digital hall in Malaysia, GSC Maxx, in Berjaya Times Square, Kuala Lumpur on 25 November 2010. With new cinema openings and the strong performance of existing cinemas, admissions grew by 18% to 24.1 million from 20.4 million.

This year will be a busy one for GSC as it is scheduled to open another two (2) new locations namely at Aeon Bandaraya Malacca and Mentakab Star Mall, Pahang. GSC is in the midst of renovating the old wing of its IOI Mall cinema which when completed will together with the new wing offer 10 screens to movie-goers in Puchong. In the pipeline are more new projects to be opened over the next few years.

GSC remains committed to enhancing the cinema going experience with state-of-the-art technology and value-added services to meet the stiff competition and greater expectations of today's consumers. Towards this end, GSC added 19 3D screens to its cinema chain in 2010 to offer a total of 30 such screens nationwide.

#### PROPERTY INVESTMENT AND DEVELOPMENT

This division recorded higher profits of RM38 million as compared with RM16 million the year before mainly due to disposal of properties by the Group.

PPB Hartabina's shopping mall, Cheras Leisure Mall, enjoyed higher rentals with the renovated food centre known as "Cravings Lane" and strong demand for its retail space. Plans are underway to develop Phase 2 of the Masera Bukit Segar project in Kuala Lumpur comprising 13 units of 2½ storey bungalows. The Group's property division under PPB Hartabina provides management services to the other Group companies and is also looking for additional land bank in strategic locations to ensure future business growth and profitability.



### CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes that long term business success depends not only on delivering profits to shareholders but also on its ability to balance economic returns with positive and sustainable contributions to society and the environment.

We are committed to pursue this principle in line with our core values, decision-making, operations and products. During the year under review, the Group embarked on various CSR projects which are detailed on pages 40 and 41 of the Annual Report.

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

### PROSPECTS AND CHALLENGES FOR 2011

The Malaysian economy is projected to grow by 5% - 6% in 2011 underpinned by healthy domestic demand and an improving external environment. Growth is expected to be driven by private sector activity and robust demand from the region. Initiatives taken by the government in the Budget 2011, the New Economic Model, the 10th Malaysia Plan and Economic Transformation Programme are expected to boost the local economy.

Nonetheless, the slow recovery of the global economy coupled with the increasing cost of living due partly to the government's intention to gradually reduce the subsidies of essential food and fuel are expected to affect consumer spending. This year the Group will face challenges from rising commodity prices and fuel costs as well as fluctuating currency exchange rates. On a positive note, the outlook for consumer demand in Malaysia and the Asian region remains strong and this will augur well for its business operations. The Group is backed by a proven track record in its core competencies, a strong balance sheet and prudent management to pursue ongoing growth and development.

The Group will continue to invest in building new capacity and capability to grow its core businesses both domestically and regionally together with downstream activities.



### APPRECIATION

On behalf of the Board of Directors, I wish to thank our shareholders, customers, and business associates for their ongoing support. We would also like to extend our thanks to the staff and management of the Group for their hard work to enable PPB Group Berhad to deliver another year of strong performance.

To my fellow Board members, I wish to extend my sincere appreciation for their contribution and support. Mr Cheang Kwan Chow will be retiring at the forthcoming Annual General Meeting and has decided not to seek re-election. On behalf of the Board, I wish to record our thanks and appreciation for his past services and guidance to the Group.

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Datuk Oh Siew Nam  
Chairman  
31 March 2011

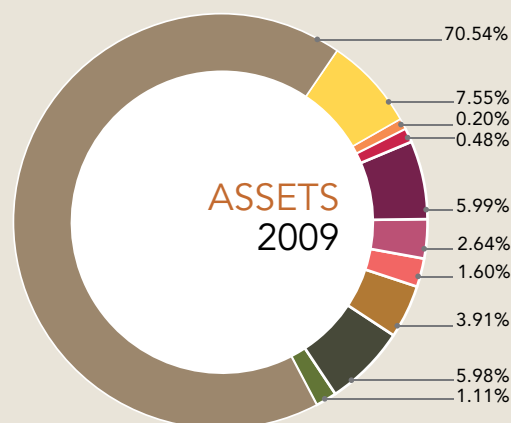
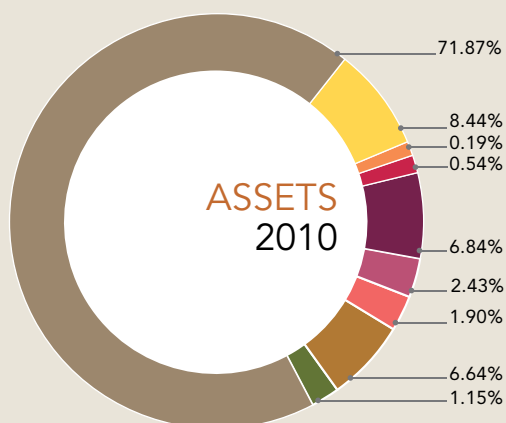


# GROUP FINANCIAL HIGHLIGHTS

		<b>2010</b> RM' Million	<b>2009</b> RM' Million (Restated)	<b>%</b> Change
<b>INCOME STATEMENT</b>				
Revenue		<b>2,274.155</b>	3,460.744	-34.3
Profit before tax		<b>1,120.777</b>	1,732.477	-35.3
Profit for the year		<b>1,900.770</b>	1,629.039	16.7
Profit attributable to shareholders of the Company		<b>1,883.763</b>	1,615.964	16.6
<b>STATEMENT OF FINANCIAL POSITION</b>				
Equity attributable to shareholders of the Company		<b>13,274.226</b>	14,086.542	-5.8
Total equity		<b>13,459.510</b>	14,259.359	-5.6
<b>RATIOS</b>				
Return on net assets attributable to shareholders of the Company	%	<b>14.19</b>	11.47	
Earnings per share	sen	<b>158.90</b>	136.31	16.6
Interest coverage	times	<b>236.51</b>	221.92	6.6
Current ratio	times	<b>4.88</b>	3.52	38.6
Total borrowings/Equity	%	<b>0.86</b>	1.75	
Long term borrowings/Equity	%	<b>0.30</b>	0.58	
Net assets per share attributable to shareholders of the Company	RM	<b>11.20</b>	11.88	-5.7
Operating cash flow per share	sen	<b>20.21</b>	39.89	-49.3
PE ratio	times	<b>19.62 *</b>	11.71	67.5
Net dividend per share	sen	<b>88.00</b>	73.00	20.5
31 December closing price	RM	<b>17.26</b>	15.96	8.1

\*Exclude the one-time gain from disposal of sugar-related assets in 2010.

# SIMPLIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

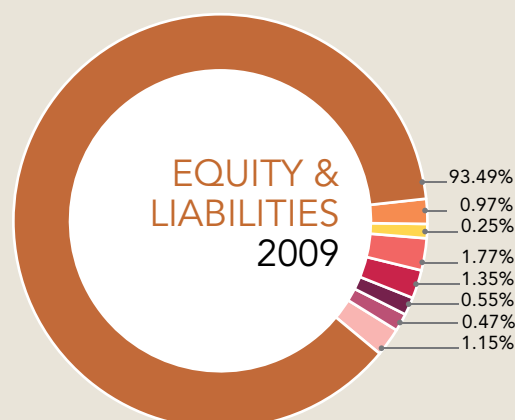
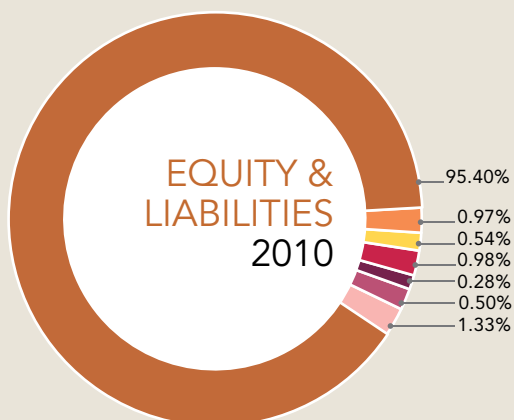


## Non-current assets

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

## Current assets

- Inventories, biological assets and other intangible assets
- Disposal group classified as held for sale
- Trade receivables
- Other current assets
- Cash, bank balances and deposits



## Current liabilities

- Trade payables
- Short term borrowings
- Liabilities directly associated with disposal group classified as held for sale
- Other current liabilities

## Non-current liabilities and equity

- Long term borrowings
- Other non-current liabilities
- Minority interests
- Equity attributable to shareholders of the Company

# DIRECTORS' PROFILES



## Seated [L-R]

Tan Gee Sooi,  
Datuk Oh Siew Nam,  
Dato Sri Liang Kim Bang

## Standing [L-R]

Cheang Kwan Chow,  
YM Raja Dato' Seri Abdul Aziz bin Raja Salim,  
Lim Soon Huat,  
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

## DATUK OH SIEW NAM, 72

### CHAIRMAN

*Non-Independent Executive Director*  
Member of Remuneration Committee

#### Date of Appointment

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

#### Qualifications and Experience

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

#### Other Directorships in Public Companies

Kuok Foundation Berhad

## TAN GEE SOOI, 66

### MANAGING DIRECTOR

*Non-Independent Executive Director*

#### Date of Appointment

Director - 28 July 2004  
Managing Director - 1 February 2008

#### Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Malaya.
- Held several senior managerial positions in the FFM Berhad ("FFM") Group.
- Managing Director of FFM from 2002 to 2007, and Executive Chairman from 2007 to March 2011.

#### Other Directorships in Public Companies

Nil

## DATO SRI LIANG KIM BANG, 74

### *Independent Non-Executive Director*

Chairman of Audit and Remuneration Committees  
Member of Nomination Committee

#### Date of Appointment

4 January 1995

#### Qualifications and Experience

- Bachelor of Arts and Bachelor of Arts (Honours) degrees from the University of Malaya, Singapore.
- Postgraduate Course in Public Administration at Cambridge University, England.
- Sarawak State Civil Service (1961-1994). Held various senior positions including Permanent Secretary, Ministry of Communication and Works, Deputy State Financial Secretary and Chairman/ Director/ Member in several government statutory bodies and government linked companies. Former State Financial Secretary (1984-1994).

#### Other Directorships in Public Companies

Cahaya Mata Sarawak Berhad

## YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM, 72

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*Independent Non-Executive Director*  
Chairman of Nomination Committee  
Member of Audit Committee

**Date of Appointment**  
12 May 2003

### **Qualifications and Experience**

- Fellow of the Chartered Association of Certified Accountants, United Kingdom.
- Fellow of the Chartered Institute of Management Accountants, United Kingdom.
- Member of the Malaysian Institute of Accountants.
- Honorary Fellow of the Malaysian Institute of Taxation.
- Former Director-General of Inland Revenue, Malaysia.
- Former Accountant-General of Malaysia.

### **Other Directorships in Public Companies**

Amanah Saham Mara Berhad  
Jerneh Asia Berhad  
K & N Kenanga Holdings Berhad  
Kenanga Investment Bank Berhad  
Kenanga Fund Management Berhad  
Gamuda Berhad  
Panasonic Manufacturing Malaysia Berhad  
Southern Steel Berhad  
Hong Leong Industries Berhad

## CHEANG KWAN CHOW, 58

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*Non-Independent Non-Executive Director*

**Date of Appointment**  
29 May 2008

### **Qualifications and Experience**

- Member of the Chartered Institute of Arbitrators, London, United Kingdom.
- Sits on the Panel of Arbitrators of The Palm Oil Refiners Association of Malaysia.
- Diploma in Marketing from Redditch College, Worcestershire, England.
- Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, England.
- Master of Arts Communications Management from University of South Australia, Adelaide.
- Joined the Kuok Group of companies in 1980 and had over the years, held various senior management positions in Malaysia and Singapore.

### **Other Directorships in Public Companies**

Jerneh Asia Berhad

## LIM SOON HUAT, 46

*Non-Independent Non-Executive Director*  
Member of Nomination and Remuneration  
Committees

**Date of Appointment**  
29 May 2008

### Qualifications and Experience

- Bachelor of Science (Honours) degree in Statistics from Universiti Kebangsaan Malaysia.
- Has more than 15 years financial and corporate management experience with the Kuok Group of companies in Singapore, Thailand, Hong Kong and China.
- Currently oversees the Kuok Group's investments and operations in Indonesia which include sugar cane plantations, sugar milling and hotels.

### Other Directorships in Public Companies

Nil

## DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, 61

*Independent Non-Executive Director*  
Member of Audit Committee

**Date of Appointment**  
22 June 2009

### Qualifications and Experience

- Qualified as a Master Mariner with a Masters Foreign-Going Certificate of Competency from the United Kingdom (UK) in 1974.
- Obtained a Diploma in Applied International Management from the Swedish Institute of Management in 1984.
- Attended the Advanced Management Program at Harvard University in 1993.
- Fellow of the Chartered Institute of Logistics and Transport and the Institut Kelautan Malaysia.
- Has over 40 years of experience in the international maritime industry.

### Other Directorships in Public Companies

WCT Berhad  
Malaysian Bulk Carriers Berhad  
Alam Maritim Resources Berhad  
GD Express Carrier Berhad

### NOTES

1. *All the Directors are Malaysians.*
2. *None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.*
3. *None of the Directors had any convictions for any offences within the past ten (10) years other than traffic offences (if any).*

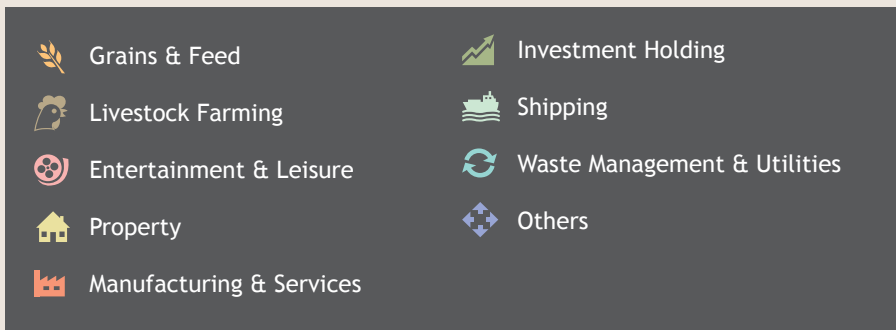
# CORPORATE STRUCTURE

as at 31 March 2011



## PPB GROUP BERHAD





This chart features the main operating companies and does not include dormant and inactive companies. Percentages shown indicate the Group's equity interest held.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Datuk Oh Siew Nam  
*Chairman*

Tan Gee Sooi  
*Managing Director*

Dato Sri Liang Kim Bang  
*Independent Non-Executive Director*

YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
*Independent Non-Executive Director*

Cheang Kwan Chow  
*Non-Independent Non-Executive Director*

Lim Soon Huat  
*Non-Independent Non-Executive Director*

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

## AUDIT COMMITTEE

Dato Sri Liang Kim Bang  
*Chairman*

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

## NOMINATION COMMITTEE

YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
*Chairman*

Dato Sri Liang Kim Bang

Lim Soon Huat

## REMUNERATION COMMITTEE

Dato Sri Liang Kim Bang  
*Chairman*

Datuk Oh Siew Nam

Lim Soon Huat

## COMPANY SECRETARY

Mah Teck Keong

## REGISTERED OFFICE

17th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone : 03-21170888  
Facsimile : 03-21170999  
Website : www.ppbgroup.com

## PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
Affin Bank Berhad

## AUDITORS

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

## REGISTRARS

PPB Corporate Services Sdn Bhd  
17th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone : 03-21170888  
Facsimile : 03-21170999

## STOCK EXCHANGE LISTING

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

# GROUP'S CORPORATE EVENTS IN 2010

5  
MARCH  
2010

A Press and Analyst Briefing was held to review the results for the year ended 31 December 2009 and other matters.

19  
MAY  
2010

41<sup>st</sup> Annual General Meeting (AGM) of PPB was held to receive the audited financial statements for the year ended 31 December 2009 and other related AGM matters.

20  
MAY  
2010

Golden Screen Cinemas Sdn Bhd (GSC), a wholly-owned subsidiary of PPB Group, opened its 8-screen multiplex at Suria Sabah Mall in Kota Kinabalu, Sabah with a total capacity of 1,481 seats.

2  
SEPTEMBER  
2010

A Press and Analyst Briefing was held to review the results for the six months ended 30 June 2010 and other matters.

22  
SEPTEMBER  
2010

A training session pursuant to the Directors' Continuing Education Programme (DCEP) was held.

2  
DECEMBER  
2010

FFM Berhad (FFM), then a wholly-owned subsidiary of PPB, entered into a Subscription Agreement with PGEO Group Sdn Bhd (PGEO), a wholly-owned subsidiary of Wilmar International Limited (Wilmar), for the proposed issuance of 55.781 million new FFM shares equivalent to 20% of the enlarged share capital of FFM to PGEO for a total subscription sum of approximately RM378 million. On the same date, FFM entered into a Memorandum of Understanding with Wilmar for the potential acquisition of 20% equity interest in selected subsidiaries of Wilmar engaged in flour milling in the People's Republic of China. The subscription was completed on 8 March 2011.

# FINANCIAL CALENDAR

FINANCIAL YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

## RESULTS

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1 <sup>st</sup> Quarter ended 31 March 2010	Announced on	24 May 2010
2 <sup>nd</sup> Quarter ended 30 June 2010	Announced on	25 August 2010
3 <sup>rd</sup> Quarter ended 30 September 2010	Announced on	22 November 2010
4 <sup>th</sup> Quarter ended 31 December 2010	Announced on	28 February 2011

## DIVIDENDS

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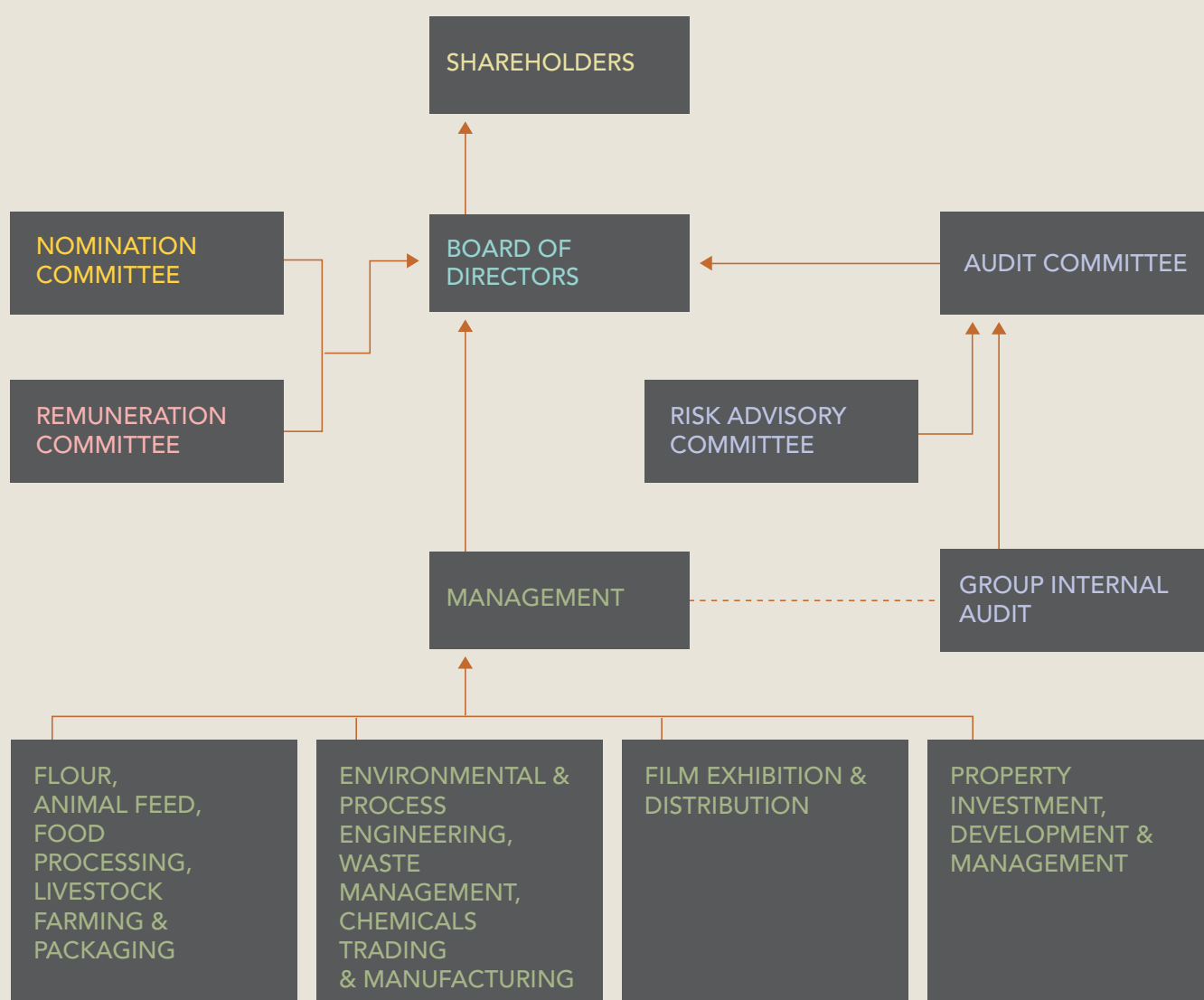
Single Tier Interim Dividend of 5 sen per share	Declared on	25 August 2010
	Entitlement Date on	13 September 2010
	Paid on	28 September 2010
Single Tier Special Dividend of 65 sen per share	Declared on	25 August 2010
	Entitlement Date on	13 September 2010
	Paid on	28 September 2010
Proposed Single Tier Final Dividend of 18 sen per share	Announced on	28 February 2011
	Entitlement Date on	24 May 2011
	Payable on	10 June 2011

# 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 governance and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (“the Code”) throughout the financial year.

## CORPORATE GOVERNANCE STRUCTURE



# CORPORATE GOVERNANCE STATEMENT

## BOARD OF DIRECTORS

### BOARD RESPONSIBILITY

The Board is fully responsible for the effective control of PPB Group. This includes responsibility for determining the Group's strategic direction, financial performance, allocation of resources, principal risks and implementing appropriate steps to manage these risks, ensuring the systems of internal control are in place and are effective; and the investor relations programme.

The Board has delegated specific responsibilities to four committees, namely, the Audit, Nomination, Remuneration and Risk Advisory Committees, which operate within approved terms of reference. These committees have authority to examine particular issues and report to the Board with their 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, as well as examined taking into account the interests of shareholders and other stakeholders and the communities in which the Group conducts its businesses. The Managing Director is responsible for overseeing the operations and development of the businesses as well as coordinating and implementing corporate strategies adopted by the Board. The non-executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. The independent non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

### COMPOSITION OF THE BOARD

There are presently seven Directors on the Board comprising two Executive Directors and five non-executive Directors, of whom three are independent. The number of independent directors is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least one third of the Board to comprise independent directors.

Collectively, the Directors bring to the Board a wide range of business, financial and technical experience for the effective management of the Group's diversified businesses. The Directors' profiles are presented on pages 17 to 19 of this Annual Report.

The Board has appointed Dato Sri Liang Kim Bang as the Senior Independent Non-executive Director of the Board to whom concerns of the Group may be conveyed.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

### BOARD MEETINGS

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

## CORPORATE GOVERNANCE STATEMENT

During the financial year ended 31 December 2010, the Board met five times and the record of attendance of each Director is set out below:-

NAME OF DIRECTOR	ATTENDANCE	% OF ATTENDANCE
Datuk Oh Siew Nam	5	100
Tan Gee Sooi	5	100
Dato Sri Liang Kim Bang	5	100
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4	80
Cheang Kwan Chow	5	100
Lim Soon Huat	5	100
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	5	100

### SUPPLY OF INFORMATION

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

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

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

### APPOINTMENTS TO THE BOARD

The Nomination Committee comprises three non-executive Directors and they are YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman), Dato Sri Liang Kim Bang and Mr Lim Soon Huat.

The Committee assists the Board in the following:-

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

Decisions on appointments are made by the Board after considering recommendations by the Committee. During the financial year ended 31 December 2010, the Nomination Committee held one meeting which was attended by all members.

## CORPORATE GOVERNANCE STATEMENT

### DIRECTORS' TRAINING

There is a familiarization 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.

An in-house Directors' training session was held during the financial year ended 31 December 2010, which comprised the following topics:-

SEMINAR TOPICS	NO. OF HOURS
The Competition Act 2010, its objectives, application and compliance.	1½
The impending Goods and Services Tax, and potential implications on the businesses of PPB Group companies and affiliates.	1
An overview of the economic recovery and outlook, globally as well as in Malaysia and the surrounding region.	1
Sustainable palm oil; the issues, challenges and opportunities.	1
Protocol in the business world.	1½

### 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 following annual general meeting ("AGM") after their appointment. The Articles also provide that at least one third of the Board including the Managing Director is subject to re-election annually and each Director shall stand for re-election at least once every three years.

### DIRECTORS' REMUNERATION

#### i. Remuneration Policy

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group successfully. In the case of Executive Directors, their remuneration is structured to link rewards to corporate and individual performance. As for the non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

#### ii. Remuneration Procedure

The Remuneration Committee, comprising a majority of non-executive Directors, recommends to the Board the remuneration of the Executive Directors and it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The members of this Committee are Dato Sri Liang Kim Bang (Chairman), Datuk Oh Siew Nam and Mr Lim Soon Huat.

The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole subject to approval of shareholders at the AGM. The Directors are not involved in the approval of their own remuneration package. During the financial year ended 31 December 2010, the Remuneration Committee held two meetings which were attended by all members.

## CORPORATE GOVERNANCE STATEMENT

### iii. Remuneration Package

The details of the Directors' remuneration on a Group basis for the financial year ended 31 December 2010 are as follows:-

ALL FIGURES IN RM'000	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Salary	2,099	120
Fees	13	265
Meeting Allowance	1	28
Bonus	4,500	50
Benefits-in-kind	55	-
Employees Provident Fund	931	27
<b>Total</b>	<b>7,599</b>	<b>490</b>

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

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Up to RM50,000	1	-
RM50,001 - RM100,000	-	4
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	-
<b>Total</b>	<b>3</b>	<b>5</b>

*Note: Successive bands of RM50,000 are not shown entirely as they are not represented.*

## INVESTOR RELATIONS

The Company has an Investor Relations Policy which provides a framework for the Board, management and relevant staff to communicate effectively with PPB's shareholders, investors, other stakeholders and the public generally.

The Policy deals with the following:-

- Basic Communication Principles - clarity and reliability of information, its openness, timeliness and consistency;
- Responsible Parties - those who have custody of the various elements of the policy and are responsible for implementation;
- Authorised Spokespersons - those who may speak for the company and specific areas of responsibility for communication;
- Confidential Information - expressing the need to obtain appropriate undertakings from third parties to whom confidential information is given;
- Publication Procedures - covering media releases, results announcements, annual reports, e-reports, the company website etc and also detailing those responsible;
- Events - all events and presentations involving investors, analysts and the media, their conduct, supporting materials and those responsible. The events include general meetings of shareholders, one-on-one meetings and media interviews; and
- Others - including outlook and profit warnings, dealings with information leaks, crisis procedures and insider dealings in PPB shares.

## CORPORATE GOVERNANCE STATEMENT

### INVESTOR RELATIONS PROGRAMME

The Company has an active Investor Relations programme directed at both individual and institutional investors. The Company's Investor Relations mission is to maintain an ongoing awareness of the Company's performance among its shareholders, media and the investment community. The Company's Investor Relations programme focuses on transparency of disclosure and the timely dissemination of information.

#### i. Sources of Information

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

- PPB's annual report which aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review.
- Quarterly Investor Updates designed as e-newsletters are posted at its corporate website for viewing by shareholders and the investment community. The Investor Update contains financial results, reports and articles on the Group's operations as well as significant events during the quarter under review.
- The Investor Handbook published annually provides shareholders and the investment community an overview of the Group's operations and serves as a convenient reference guide.
- News releases to announce financial results and important events relating to the Group via the local media and the company website.
- The Company's website, [www.ppbgroup.com](http://www.ppbgroup.com) where information on the Group, its businesses, financial data, Annual Reports, Investor Handbook and Investor Updates can be easily downloaded.

#### ii. Direct Meetings

PPB Group's policy is to maintain an active dialogue with its shareholders with the objective of giving shareholders a clear and complete picture of the Company's performance. This is provided at the Company's annual general meetings where 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 consistent dialogues between the Company's senior management and the investment community. Media conferences are also held together with these briefings for consistent dissemination of information to the public. On these occasions, the Managing Director of PPB and chief executives of the principal subsidiaries are present to address questions on the Group's businesses.

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

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

### iii. Queries and Feedback

PPB welcomes inquiries and feedback from shareholders and the investment 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 Sri Liang Kim Bang, Senior Independent Non-executive Director  
Telephone number : 03-21170888  
Facsimile number : 03-21170999
2. Koh Mei Lee, Senior Manager (Corporate Affairs)  
Telephone number : 03-21170800  
Facsimile number : 03-21170998  
E-mail address : corporateaffairs@ppb.com.my

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors are committed to present a balanced and fair assessment of PPB Group's position and prospects. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 51 of this Annual Report.

### RELATIONSHIP WITH AUDITORS

The Board maintains a formal and transparent professional relationship with the auditors through the Audit Committee. The Audit Committee meets with the external auditors without the presence of management twice a year.

The report of the Audit Committee is set out on pages 32 to 34 of this Annual Report.

### INTERNAL CONTROL

The Statement on Internal Control set out on pages 35 and 36 of this Annual Report provides an overview of the state of internal controls within PPB Group.

**Datuk Oh Siew Nam**  
*Chairman*

**Dato Sri Liang Kim Bang**  
*Independent Non-executive Director*

Kuala Lumpur  
28 February 2011

# AUDIT COMMITTEE REPORT

## COMPOSITION

The members of the Audit Committee (AC) during the financial year ended 31 December 2010 comprised the following Directors :-

NAME OF AC MEMBER	MEMBERSHIP	DIRECTORSHIP
Dato Sri Liang Kim Bang	Chairman	Independent Non-Executive
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	Member	Independent Non-Executive
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-Executive

## TERMS OF REFERENCE

The terms of reference of the AC are set out below:-

### AUTHORITY

The Audit Committee shall:-

1. have authority to investigate any matters within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external and internal auditors;
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### DUTIES

The duties of the Audit Committee are to:-

1. review the following and report the same to the Board of Directors of the Company:-
  - a. with the external auditors, the audit plan;
  - b. with the external auditors, their evaluation of the system of internal control;
  - c. with the external auditors, their audit report;
  - d. the assistance given by the employees of the Company to the external auditors;
  - e. the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - h. 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;
  - i. any letter of resignation from the external auditors of the Company; and
  - j. whether there is reason (supported by grounds) 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. consider the external auditors' fee and any questions of dismissal;
4. discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);
5. review the external auditors' management letter and management's response;
6. review any appraisal or assessment of the performance of members of the internal audit function;
7. approve any appointment or termination of senior staff member of the internal audit function;
8. take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
9. consider other topics as defined by the Board.

### MEETINGS OF AUDIT COMMITTEE

The number of meetings of the AC held during the financial year ended 31 December 2010 and details of attendance of each committee member are as follows :-

NAME OF AC MEMBER	NO. OF AUDIT COMMITTEE MEETINGS	
	HELD	ATTENDED
Dato Sri Liang Kim Bang	5	5
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	5	5
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	5	5

### AUDIT COMMITTEE TRAINING

During the financial year ended 31 December 2010, the members of the AC attended an in-house Directors' training session which comprised the following topics:-

1. The Competition Act 2010, its objective, application, prohibitions and compliance.
2. The impending introduction of the Goods and Services Tax, its mechanism and potential implications on the businesses of PPB Group companies and affiliates.
3. An overview of the economic recovery and outlook, globally as well as in Malaysia and the surrounding region.
4. Sustainable palm oil; the issues, challenges and opportunities.
5. Protocol in the business world.

## AUDIT COMMITTEE REPORT

### ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2010, the AC performed the duties specified in its terms of reference. In performing its duties, the AC inter-alia:-

1. reviewed with Messrs 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 including assessing their performance, competency and adequacy of their resources;
3. reviewed the Group's quarterly results and year-end financial statements prior to submission to the Board of Directors;
4. reviewed the Audit Committee Report and Statement on Internal Control for inclusion in the Annual Report;
5. reviewed half-yearly reports on the Group's top risks and management action plans to manage the risks;
6. reviewed related party transactions within the Group;
7. recommended the nomination of Messrs Mazars for re-appointment as external auditors; and
8. considered a proposed increase in Mazars' audit fees.

### 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 2010 was RM1.26 million.

### ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

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

During the financial year ended 31 December 2010, 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.

**Dato Sri Liang Kim Bang**

*Chairman*

*(Independent Non-Executive Director)*

28 February 2011

# STATEMENT ON INTERNAL CONTROL

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investments and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system. 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 key elements of the Group's system of internal control are summarized as follows:-

## 1. CONTROL ENVIRONMENT

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

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

## 2. RISK MANAGEMENT

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

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

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

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

## STATEMENT ON INTERNAL CONTROL

### 3. CONTROL ACTIVITIES

The Board has in place a system to ensure that there are adequate 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 effectiveness of the Group's risk management, internal control and governance processes is monitored by the Audit Committee, which receives regular reports from the internal auditors. Formal procedures are in place for correction of weaknesses identified in these reports.

There were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year.

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

28 February 2011



# CORPORATE SOCIAL RESPONSIBILITY STATEMENT



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

The sustainability and long-term success of PPB Group depend on our access to resources and the strength of relationships developed with key stakeholders – our workforce, business partners, shareholders and the regulators. In addition, it is our Company's firm belief that to continue to make economic returns, we should be an integral part of our community and support it through various initiatives. Our history of continuous improvement in our operations through new technology to minimize harm to the environment, also contributes to our Company's competitiveness in the marketplace.



School children participating in the English Language competition under PPB's "Cultivating the Love for Reading" project.

# COMMITMENT

- **WE** are committed to pursue and practise CSR by ensuring that our operations and business practices are managed responsibly and efficiently with high standards of transparency, accountability and integrity in increasingly complex environments.
- **WE** believe that it is our duty to contribute and engage with the communities in which we operate and society at large. Through our educational initiatives and community projects, we hope to develop relationships with and enhance the quality of life of these communities.
- **WE** help create sustainable economic growth by building human and institutional capacity. Our workforce is encouraged to reach their full potential through training, career development and promotion from within wherever possible.



*GSC Movie Treasure Hunt to raise funds for Hospis Malaysia*



*Giving away school shoes and socks under PPB's "Project Sole"*

- **WE** provide a safe workplace and recognize the importance for our workforce to feel proud and inspired to work for the Group.
- **WE** are conscious that the planet belongs not to us, but to future generations, and hence we make every effort to ensure that our operations and services are in accordance with appropriate industry standards and best practices, thus minimizing harm to the environment.



## FOR THE COMMUNITY

PPB established an endowment fund known as the “PPB-KF Welfare Fund for Perlis” in May 2010. The Fund which amounts to RM10.0 million is managed by Kuok Foundation Berhad, and is to be utilised to benefit the underprivileged and poor in the state of Perlis and to improve their welfare. A total of RM189,126 has been utilized to date to purchase food items for flood victims in Perlis and to upgrade the facilities of an orphanage, Rumah Anak Yatim Mak Teh.

Each year, PPB Group celebrates the main festivals with underprivileged groups by organising lunches and trips to provide them encouragement and awareness that they are not forgotten during such festivals. Apart from the festive celebrations, PPB has embarked on a new project known as “Project Sole” whereby school shoes and socks were given to all students from five (5) schools in Klang, namely, SK Kapar, SJK (T) Ladang Bukit Cheraka, SJK (T) Ladang Acob, SJK (T) Vallambrosa and SJK (C) Pui Teh. In conjunction with the “Cultivating the Love for Reading” project, PPB organised English Language competitions for SJK (T) Castlefield in Puchong and purchased storybooks for SK Seri Mega.

PPB also participated in a Feeding and Clothing Programme managed by a non-governmental organization, Grace Community Services, for street people in the Jalan Masjid India area, Kuala Lumpur by taking over the feeding sessions for two Sundays and also giving away new clothing and toiletries.

Golden Screen Cinemas Sdn Bhd, a wholly-owned subsidiary of PPB Group, together with 100 Plus organised a Treasure Hunt on 2 October 2010 where 400 participants unraveled movie clues and discovered ‘treasures’ in the Klang Valley, whilst raising a total of RM150,000 for Hospis Malaysia.

Financial assistance was also given to a sports association to support and encourage talented young athletes to persevere in their chosen sports.

In support of the arts, PPB Group jointly organized film festivals with various foreign embassies to hold the Japan Film Festival, European Union Film Festival, Latin American Film Festival, Korean Film Festival, Hong Kong Film Festival, French Film Festival and others to increase public awareness and promote understanding of the arts and cultures of other countries. In addition, free quarterly movie screenings were organised for senior citizens at GSC cinemas to show appreciation and encourage senior citizens to maintain an active and varied lifestyle.



*PPB staff participated in the “Feeding and Clothing Programme” under Grace Community Services.*

## FOR THE WORKPLACE

In order to provide a rewarding and supportive working environment for its 3,000 employees, the Group encourages continual professional and personal development of its staff through various training programmes, workshops and seminars. During the year, a “Road Survival Programme” was organized to give PPB Group employees an important guide on travel safety tips for daily road users. Sports activities within and outside the workplace were held to promote healthier living and the Group also encourages more interaction amongst employees with company trips and dinners during the year.



*Lunch with the senior citizens of Relau Rumah Charis*



*Road Survival Programme.*



*Raising funds for the Down Syndrome Foundation National Centre.*



*Tree planting at Raja Musa Forest Reserve.*

## FOR THE ENVIRONMENT

Every effort is made to ensure that the Group's operations produce as little environmental impact as is consistent with its business needs. PPB Group is focused on optimising recycling and reducing energy use in its operations. Employees have developed a culture of reducing paper and electricity usage, reusing waste plastic materials as well as adopting a paperless system for selected processes.

In line with caring for the environment, the Annual Report and Investor Handbook of PPB are published in CD-format. Besides that, PPB has ceased distribution of its quarterly Investor Updates in hard copy since the 2nd quarter of 2009 as shareholders are encouraged to view the quarterly publication from PPB's website.

For 2010, PPB embarked on a 7-year mangrove tree planting project in the Kuala Selangor Nature Park with the assistance of the Malaysian Nature Society. A total of 250 mangrove saplings were planted by PPB staff and their families which are hoped to have a lasting positive effect on the environment. In the same year, PPB Group staff volunteers planted 400 Mahang saplings at peat swamps in the Raja Musa Forest Reserve located in the northern region of Selangor state. The tree planting will help rehabilitate the forest currently managed by the Global Environment Centre.

In the "Green Your Community" project jointly organised by the Rotary Club of Pudu, Dewan Bandaraya Kuala Lumpur (DBKL) and Grant Thornton in Cheras, Kuala Lumpur, FFM Farms Sdn Bhd, a wholly-owned subsidiary of PPB Group, educated the community on industrial scale composting by converting chicken waste into organic fertilizer.

## FOR THE MARKETPLACE

Recognising the need to keep stakeholders abreast of the Group's activities, quarterly Investor Updates and an annual Investor Handbook are published to enable investors to have a better understanding and assessment of the 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. All of PPB Group's operations encourage active consideration of customer feedback and suggestions.

The cinema operations are committed to provide disabled-friendly facilities in all its new cinemas including hydraulic lifts and easily accessible space in the halls for customers on wheelchairs.

# ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional information is provided:-

## 1. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors of PPB and its subsidiaries (“PPB Group”), and/ or their affiliates, for the financial year ended 31 December 2010 were as follows:-

NAME OF AUDITOR	FEES (RM)	PURPOSE
Mazars Taxation Services Sdn Bhd	184,332	Tax advisory services
KPMG Tax Services Sdn Bhd	36,230	Tax advisory services
Chin & Co.	500	Tax advisory services

## 2. MATERIAL CONTRACTS

There was no material contract entered into by PPB Group involving its Directors’ and major shareholders’ interests either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

## 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

The RRPTs entered into by PPB Group during the financial year ended 31 December 2010 were as follows:-

### RELATED PARTY

The related party was Kuok Brothers Sdn Berhad (“KB”), a major shareholder of PPB, presently with direct interest of 50.17% and indirect interest of 0.59% held through Gaintique Sdn Bhd, Min Tien & Co. Sdn Bhd and Hoe Sen (Mersing) Sdn Bhd.

## ADDITIONAL COMPLIANCE INFORMATION

NATURE OF TRANSACTIONS UNDERTAKEN BY PPB AND/ OR ITS SUBSIDIARIES	TRANSACTIONING PARTY	YEAR 2010 ACTUAL	INTERESTED RELATED PARTY/ CONNECTED PERSON
		RM'000	
<b>SALE OF CHEMICALS TO MAC</b>			
<ul style="list-style-type: none"> <li>• Chemquest Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Malayan Adhesives &amp; Chemicals Sdn Bhd (“MAC”)</li> </ul>	25,658	KB
<b>SUPPLY OF EQUIPMENT AND PROVISION OF ENGINEERING SERVICES TO PTPM</b>			
<ul style="list-style-type: none"> <li>• Minsec Engineering Services Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• PT Pemukasakti Manisindah (“PTPM”)</li> </ul>	6,789	Kerry Group Limited (“KGL”) & Kerry Holdings Limited (“KHL”)*
<b>SALE OF FLOUR, WHEAT, FEED, BRAN AND POLLARD TO MTSB</b>			
<ul style="list-style-type: none"> <li>• Johor Bahru Flour Mill Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Min Tien &amp; Co. Sdn Bhd (“MTSB”)</li> </ul>	4,361	KB
<b>PROVISION OF PROJECT MANAGEMENT SERVICES TO SHMB GROUP</b>			
<ul style="list-style-type: none"> <li>• PPB Hartabina Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Shangri-La Hotels (Malaysia) Berhad (“SHMB”) Group</li> </ul>	174	KGL & KHL

\* Note: KGL and KHL were deemed persons connected to KB.



## THE FINANCIALS

5-Year Group Financial Statistics	46		Segmental Analysis	48
Share Performance Chart	49		Additional Financial Information	50
Directors' Responsibility Statement	51		Directors' Report	52
Financial Statements	59			



# • THROUGH THE YEARS,

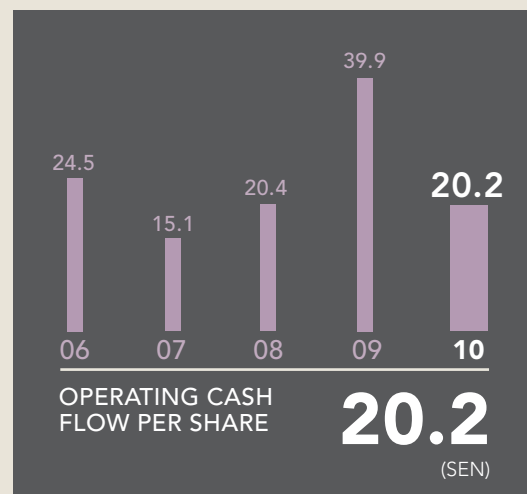
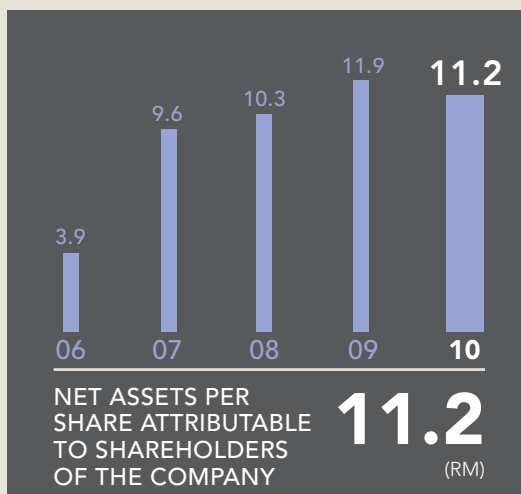
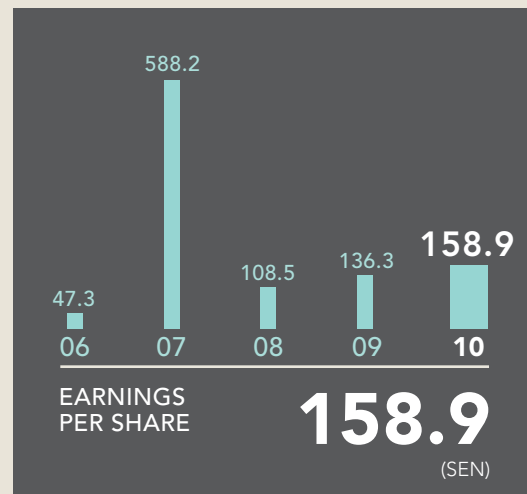
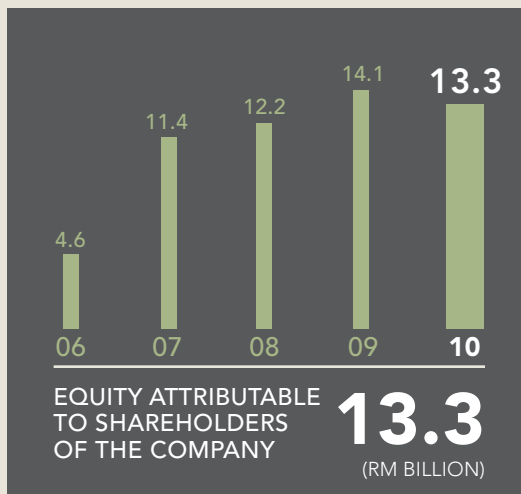
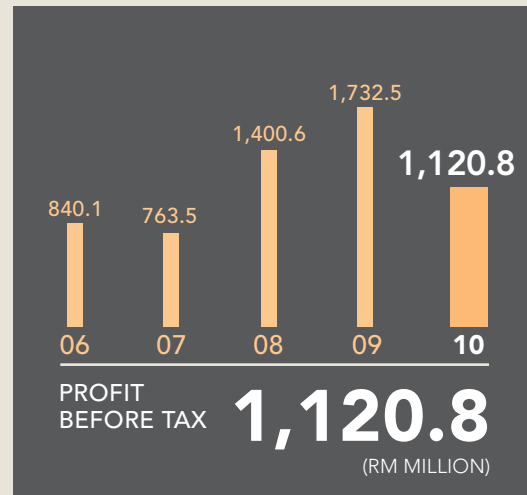
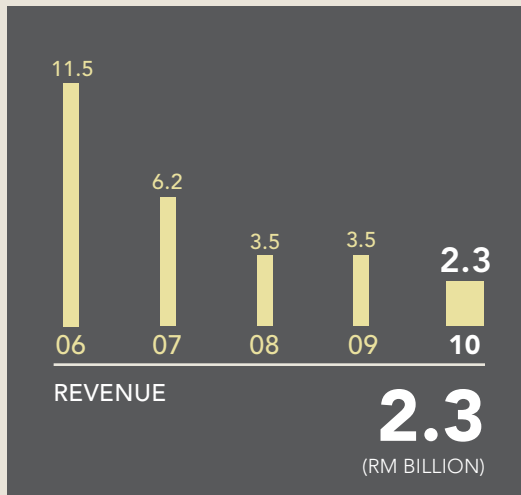
we strengthened our businesses without losing focus on meeting the needs of our customers.

# 5-YEAR GROUP FINANCIAL STATISTICS

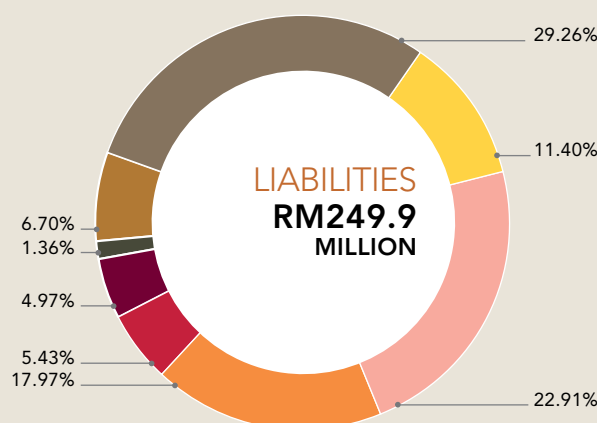
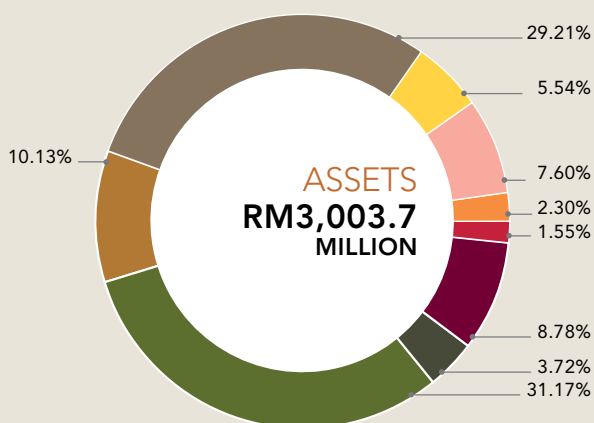
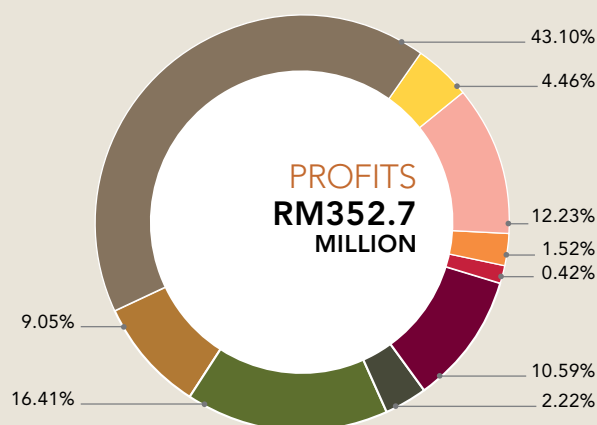
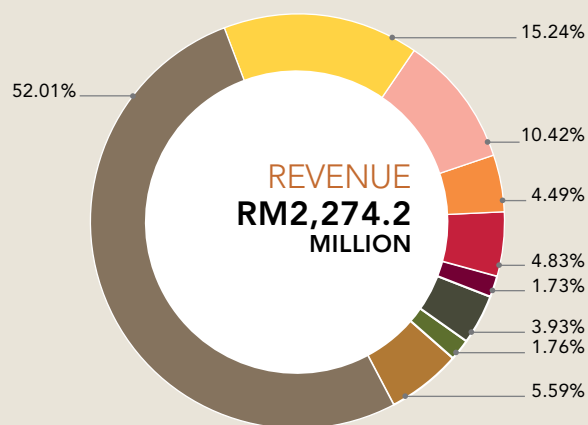
Year Ended 31 December		2006	2007	2008	2009	2010
Revenue	<i>RM Million</i>	11,547.927 <sup>^</sup>	6,207.762 <sup>^</sup>	3,527.026 <sup>^</sup>	3,460.744 <sup>^</sup>	<b>2,274.155</b>
Share of net profits less losses of associates	<i>RM Million</i>	139.476	307.760	937.942	1,231.922	<b>772.053</b>
Profit before tax	<i>RM Million</i>	840.065	763.477	1,400.642	1,732.477	<b>1,120.777</b>
Profit for the year	<i>RM Million</i>	694.250	7,002.512	1,293.424	1,629.039	<b>1,900.770</b>
Net dividend for the year	<i>RM Million</i>	172.490	262.588	816.572	865.415	<b>1,043.240</b>
Issued share capital	<i>RM Million</i>	1,185.500	1,185.500	1,185.500	1,185.500	<b>1,185.500</b>
Equity attributable to shareholders of the Company	<i>RM Million</i>	4,644.684	11,429.765	12,232.791	14,086.542	<b>13,274.226</b>
Total equity and liabilities	<i>RM Million</i>	7,288.922	11,984.045	13,216.245	15,066.960	<b>13,914.090</b>
Earnings per share	<i>Sen</i>	47.29	588.19	108.52	136.31	<b>158.90</b>
<b>FTSE Bursa KLCI Quotes</b>						
High	<i>RM</i>	5.45	11.10	12.20	16.08	<b>19.54</b>
Low	<i>RM</i>	3.86	5.20	6.85	9.35	<b>15.10</b>
Close	<i>RM</i>	5.45	11.00	9.30	15.96	<b>17.26</b>
No. of shareholders		12,587	11,327	10,540	9,828	<b>10,135</b>

<sup>^</sup> The revenue figures from 2006 to 2009 have been restated to include dividend income to be consistent with the current year presentation.

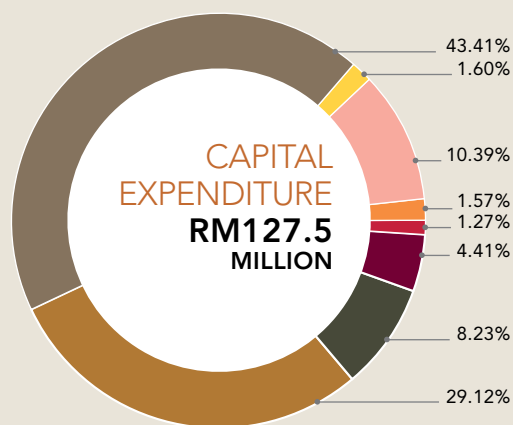
## 5-YEAR GROUP FINANCIAL STATISTICS



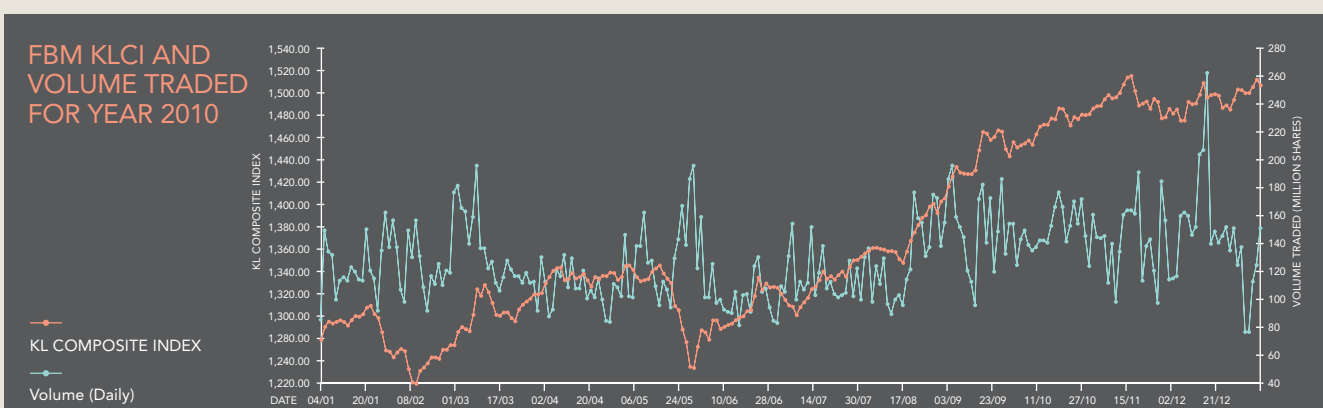
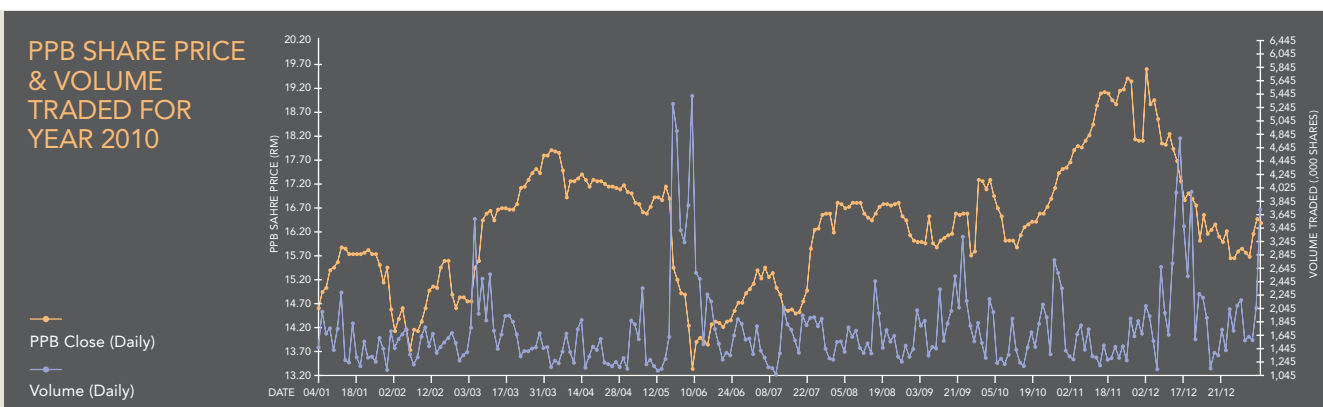
# SEGMENTAL ANALYSIS



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



# SHARE PERFORMANCE CHART



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

The domestic equity market rose steadily in early 2010, supported by stronger corporate earnings, robust economic growth and portfolio inflows. Similar to other regional markets, Malaysia experienced greater inflows given its more attractive growth trajectory. By May, however, global market sentiments were affected considerably by the developments in Europe. Subsequently, the benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) underwent a correction, as did other regional markets.

The FBM KLCI resumed its rise in the second half of the year as global market conditions stabilized, supported by increased non-resident purchases. This was driven mainly by expectations of a firmer ringgit, amidst a positive reception to the further liberalisation of the foreign exchange administration rules

announced in August. Meanwhile, the search for higher returns in emerging economies, including Malaysia, was amplified by expectations and the eventual implementation of a second round of quantitative easing by the US Federal Reserve. Equity prices were further boosted by strong sectoral performances, with rising earnings of plantation companies due to higher commodity prices, while construction-related stocks benefited from the announcement of several major Economic Transformation Programme (ETP) projects. Several Government initiatives to increase the velocity and liquidity in the local index, such as the divestment of Khazanah Nasional Berhad shareholdings in major companies, also provided additional impetus to the market. In 2010, the FBM KLCI rose by 19.3% (2009 : 45.2%).

[Source: Bank Negara Malaysia, Annual Report 2010]

PPB share price closed 8.15% higher at RM17.26 as compared with the closing price of RM15.96 in 2009 and accordingly, market capitalisation of PPB shares increased significantly to RM20.470 billion from RM18.929 billion.

PPB Share Price Closing	2010 RM	2009 RM	Change %
Year High	19.54	16.08	21.52
Year Low	15.10	9.35	61.50
Year Close	17.26	15.96	8.15
Market Capitalisation	20.470 billion	18.929 billion	8.14

# ADDITIONAL FINANCIAL INFORMATION

## GROUP CASH FLOWS

Net cash generated from operating activities decreased by 49% from RM472.9 million in 2009 to RM239.6 million in 2010 as contributions from the sugar refining division ceased after its disposal at the beginning of 2010.

Net cash generated from investing activities rose by 708% to RM1.6 billion, primarily due to the receipt of balance sales proceeds of RM1.1 billion from the disposal of the Group's sugar-related businesses.

Net cash used in financing activities was RM1.6 billion, mainly for payment of dividends and repayment of term loans during the year.

## GROUP BANK BORROWINGS

As at 31 December 2010, the Group's borrowings were lower at RM114.3 million compared with RM246.5 million in 2009 (of which RM126.0 million were borrowings by the sugar-related businesses as at 31 December 2009), out of which 54% amounting to RM62.2 million were bills payable and trade facilities and the balance of 46% amounting to RM52.1 million were made up of :-

- a. Current portion of long term loans, revolving credits, overdraft and hire purchase liabilities totaling RM12.9 million which were repayable within 12 months; and
- b. Long term bank loans and hire purchase liabilities totaling RM39.2 million which will be repaid within 4 years.

Most of the Group's borrowings were unsecured based on floating interest rates ranging from 2.10% to 7.80% during the year. The Group's exposure to foreign currency borrowings was RM112.6 million of which about 91% was USD denominated.

## GROUP CAPITAL EXPENDITURE

Total capital expenditure incurred during the year amounted to RM129.1 million and the major items were as follows:-

- FFM Group spent RM35.8 million on a bakery project at Pulau Indah; RM21.2 million on a 220 tonne flour mill in Kota Kinabalu; RM6.9 million on a new hatchery building and 2 units of double storey chicken house in Sua Betong; RM5.0 million for the corporate office in Sungai Buloh; and RM2.5 million on a silo in Cilegon, Indonesia.
- PPB Leisure Group spent RM8.0 million on the outfitting of new cinemas at Suria Kota Kinabalu and renovation of IOI old wing; and RM5.2 million to purchase 3D projectors, and replace cinema equipment and furniture and fittings.
- Chemquest Group spent RM4.2 million for the purchase of machinery, motor vehicles, waste equipment, office furniture and fittings.
- PPB Hartabina Sdn Bhd spent RM0.7 million on plant and machineries, and renovations in Cheras Leisure Mall and Cheras Plaza.

# 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 2010 set out on pages 60 to 175 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are fair and reasonable.

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 31 March 2011.

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

### PRINCIPAL ACTIVITIES

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

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

There have been no significant changes in the nature of these activities during the financial year except as disclosed in note 8 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit for the year from continuing operations	1,062,029	357,017
Profit for the year from discontinued operations	838,741	1,199,553
Profit for the year	<u>1,900,770</u>	<u>1,556,570</u>
Attributable to:		
Shareholders of the Company	1,883,763	1,556,570
Minority interests	<u>17,007</u>	<u>-</u>
	<u>1,900,770</u>	<u>1,556,570</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 2009 as disclosed in the Directors' report of that year:	
Special single tier dividend of 50 sen per share paid on 15 March 2010	592,750
Final single tier dividend of 18 sen per share paid on 8 June 2010	213,390
In respect of the financial year ended 31 December 2010:	
Special single tier dividend of 65 sen per share paid on 28 September 2010	770,575
Interim single tier dividend of 5 sen per share paid on 28 September 2010	<u>59,275</u>
	<u>1,635,990</u>

The Directors have recommended a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2010 for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

Together with the special and interim single tier dividends already paid, the total dividends paid and payable for the financial year ended 31 December 2010 would be 88 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 statement of changes in equity on pages 64 and 65.

### SHARES AND DEBENTURES

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

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

### DIRECTORS

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

Datuk Oh Siew Nam	<i>(Chairman)</i>
Tan Gee Sooi	<i>(Managing Director)</i>
Dato Sri Liang Kim Bang	
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Cheang Kwan Chow	
Lim Soon Huat	
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	

Mr Cheang Kwan Chow retires by rotation at the forthcoming AGM in accordance with Article 107 of the Company's Articles of Association, and has decided not to seek re-election.

Datuk Oh Siew Nam, Dato Sri Liang Kim Bang and YM Raja Dato' Seri Abdul Aziz bin Raja Salim, being over seventy years of age, retire in accordance with Section 129 of the Companies Act 1965 at the forthcoming AGM and offer themselves for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next AGM.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES

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

#### Interest in the Company

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Director</i>			As at 31.12.10
	As at 1.1.10	Bought	Sold	
Datuk Oh Siew Nam	120,666	-	-	120,666

Name of Director	<i>No. of ordinary shares of RM1 each in which Directors are deemed to have interest</i>			As at 31.12.10
	As at 1.1.10	Bought	Sold	
Datuk Oh Siew Nam	1,204,498	-	-	1,204,498
Tan Gee Sooi	585,236	-	-	585,236

#### Interest in subsidiary - Tego Sdn Bhd

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Director</i>			As at 31.12.10
	As at 1.1.10	Bought	Sold	
Tan Gee Sooi	37,500	-	-	37,500

Name of Director	<i>No. of ordinary shares of RM1 each in which Director is deemed to have interest</i>			As at 31.12.10
	As at 1.1.10	Bought	Sold	
Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company - Kuok Brothers Sdn Berhad

*No. of ordinary shares of RM1 each  
registered in the name of Directors*

Name of Director	As at	Bought	Sold	As at
	1.1.10			31.12.10
Tan Gee Sooi	1,240,000	-	-	1,240,000
Cheang Kwan Chow	50,000	-	-	50,000

*No. of ordinary shares of RM1 each  
in which Directors are deemed to have interest*

Name of Director	As at	Bought	Sold	As at
	1.1.10			31.12.10
Datuk Oh Siew Nam	4,966,667	-	-	4,966,667
Tan Gee Sooi	163,333	-	-	163,333

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

*No. of ordinary shares of RM1 each  
in which Director is deemed to have interest*

Name of Director	As at	Bought	Sold	As at
	1.1.10			31.12.10
Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2010 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.

## DIRECTORS' REPORT

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

### INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Group's and the Company's income statement and statement of financial position were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability which has arisen in the Group or in the Company since the end of the financial year.

### 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 except as disclosed in note 8 to the financial statements;
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are disclosed in note 8 to the financial statements.

## DIRECTORS' REPORT

### SUBSEQUENT EVENTS

On 2 December 2010, FFM Berhad ("FFM"), a wholly-owned subsidiary of PPB entered into a subscription agreement with PGEO Group Sdn Bhd ("PGEO"), a wholly-owned subsidiary of Wilmar International Limited ("Wilmar") for the proposed issuance of 55,781,250 new ordinary shares of RM1 each in FFM to PGEO ("Proposed FFM Share Issuance"). The Proposed FFM Share Issuance was completed on 8 March 2011.

FFM had also on 2 December 2010 entered into a memorandum of understanding with Wilmar for the proposed acquisition by Waikari Sdn Bhd, a wholly-owned subsidiary of FFM, of 20% equity interests in selected subsidiaries of Wilmar in the People's Republic of China.

### ULTIMATE HOLDING COMPANY

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

### AUDITORS

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

On behalf of the Board

DATUK OH SIEW NAM  
Chairman

TAN GEE SOOI  
Managing Director

Kuala Lumpur  
31 March 2011

# ● FINANCIAL STATEMENTS

Consolidated Income Statement	60
Consolidated Statement Of Comprehensive Income	61
Consolidated Statement Of Financial Position	62
Consolidated Statement Of Changes In Equity	64
Consolidated Statement Of Cash Flows	66
Income Statement	69
Statement Of Comprehensive Income	69
Statement Of Financial Position	70
Statement Of Changes In Equity	71
Statement Of Cash Flows	72
Notes To The Financial Statements	74
Supplementary Information	171
Statement By Directors	172
Statutory Declaration	172
Independent Auditors' Report	173

## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000 (Restated)
<b>Continuing operations</b>			
Revenue	3	2,274,036	2,053,769
Cost of sales	4	(1,800,136)	(1,704,305)
Gross profit		<u>473,900</u>	<u>349,464</u>
Other operating income		111,755	60,657
Distribution costs		(79,649)	(70,512)
Administrative and general expenses		(126,583)	(96,302)
Other operating expenses		(24,876)	(22,114)
Share of net profits less losses of associates		772,053	1,239,603
Share of profits of jointly controlled entity		1,189	1,144
Finance costs	5	(4,759)	(6,550)
Profit before tax	6	<u>1,123,030</u>	<u>1,455,390</u>
Income tax expense	7	(61,001)	(46,182)
Profit for the year from continuing operations		<u>1,062,029</u>	<u>1,409,208</u>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations, net of tax	8	<u>838,741</u>	<u>219,831</u>
Profit for the year		<u>1,900,770</u>	<u>1,629,039</u>
Attributable to:			
Shareholders of the Company		1,883,763	1,615,964
Minority interests		17,007	13,075
		<u>1,900,770</u>	<u>1,629,039</u>
Basic earnings per share attributable to shareholders of the Company (sen)			
- Profit from continuing operations	9	88.2	117.8
- Profit from discontinued operations	9	70.7	18.5
		<u>158.9</u>	<u>136.3</u>

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 RM'000	2009 RM'000
Profit for the year	1,900,770	1,629,039
<u>Other comprehensive income, net of tax</u>		
Exchange differences on translation of foreign operations:		
- Losses arising during the year	(1,076,059)	(156,634)
- Reclassification adjustments to profit or loss		
- on disposal of an associate	(1,389)	-
- on liquidation of a subsidiary	2,785	-
- on liquidation of an associate	-	(7)
Fair value of available-for-sale financial assets:		
- Gains arising during the year	34,574	281,312
- Reclassification adjustments to profit or loss upon disposal	(94)	(1,285)
Fair value adjustments arising from acquisition of additional shares in an existing subsidiary		
	1,630	-
Share of associates' other comprehensive income	(25,048)	(134,178)
Total comprehensive income	837,169	1,618,247
Attributable to:		
Shareholders of the Company	820,935	1,602,988
Minority interests	16,234	15,259
	837,169	1,618,247

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	957,177	922,405
Investment properties	11	212,649	209,879
Biological assets	12	2,743	2,889
Land held for property development	13	11,484	11,268
Goodwill	14	74,617	72,444
Other intangible assets	15	1,503	1,969
Investments in associates	17	10,000,272	10,628,430
Investment in jointly controlled entity	18	25,914	29,518
Other investments	19	936,126	886,440
Deferred tax assets	20	4,366	5,479
<b>Total non-current assets</b>		<b>12,226,851</b>	<b>12,770,721</b>
<b>Current assets</b>			
Inventories	22	316,738	377,835
Biological assets	12	14,525	14,320
Other intangible assets	15	6,723	6,334
Property development costs	23	35,385	30,793
Gross amount due from customers	24	31,956	15,564
Trade receivables	25	263,967	242,488
Other receivables, deposits and prepayments		50,497	36,773
Amounts due from associates	26	23,408	39,603
Derivative financial assets	27	271	193
Current tax assets		10,366	17,910
Deposits	28	863,862	541,234
Cash and bank balances	29	59,820	47,769
		<b>1,677,518</b>	<b>1,370,816</b>
Assets directly associated with disposal group classified as held for sale	8	-	900,443
Non-current assets classified as held for sale	30	9,721	24,980
<b>Total current assets</b>		<b>1,687,239</b>	<b>2,296,239</b>
<b>TOTAL ASSETS</b>		<b>13,914,090</b>	<b>15,066,960</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000 (Restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	31	1,185,500	1,185,500
Share premium		6,715	6,715
Other non-distributable reserves	32	(96,597)	956,711
Retained earnings		12,178,608	11,937,616
<b>Equity attributable to shareholders of the Company</b>		<b>13,274,226</b>	<b>14,086,542</b>
<b>Minority interests</b>		<b>185,284</b>	<b>172,817</b>
<b>Total equity</b>		<b>13,459,510</b>	<b>14,259,359</b>
<b>Non-current liabilities</b>			
Long term bank borrowings	33	39,129	82,762
Hire purchase liabilities	34	38	51
Deferred tax liabilities	35	69,637	71,552
<b>Total non-current liabilities</b>		<b>108,804</b>	<b>154,365</b>
<b>Current liabilities</b>			
Gross amount due to customers	24	7,762	17,023
Trade payables	36	134,869	145,677
Other payables and accruals	37	113,001	179,609
Amounts due to associates	26	38	27
Derivative financial liabilities	27	467	212
Hire purchase liabilities	34	11	81
Short term borrowings	38	74,871	36,217
Bank overdrafts	39	211	1,356
Current tax liabilities		14,546	6,785
		<b>345,776</b>	<b>386,987</b>
Liabilities directly associated with disposal group classified as held for sale	8	-	266,249
<b>Total current liabilities</b>		<b>345,776</b>	<b>653,236</b>
<b>Total liabilities</b>		<b>454,580</b>	<b>807,601</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,914,090</b>	<b>15,066,960</b>

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	<-----Attributable to shareholders of the Company---			
	<-----Non-distributable-----			Exchange
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000
Note				
<b>At 1 January 2009</b>				
As previously stated	1,185,500	6,715	60,675	172,631
Effects of adopting <i>FRS 139</i>	-	-	-	-
<b>Restated</b>	<b>1,185,500</b>	<b>6,715</b>	<b>60,675</b>	<b>172,631</b>
Total comprehensive income	-	-	-	(151,813)
Dilution of interest in an associate	40	-	-	-
Transfer of reserves	41	-	(445)	-
Dividends paid to shareholders of the Company	42	-	-	-
Dividends paid to minority shareholders of subsidiaries		-	-	-
Acquisition of additional shares in an existing subsidiary		-	-	-
<b>At 31 December 2009</b>	<b>1,185,500</b>	<b>6,715</b>	<b>60,230</b>	<b>20,818</b>
Total comprehensive income	-	-	1,613	(971,351)
Dilution of interest in an associate	40	-	-	(421)
Transfer of reserves	41	-	(445)	-
Dividends paid to shareholders of the Company	42	-	-	-
Dividends paid to minority shareholders of subsidiaries		-	-	-
Acquisition of additional shares in an existing subsidiary		-	-	-
<b>At 31 December 2010</b>	<b>1,185,500</b>	<b>6,715</b>	<b>61,398</b>	<b>(950,954)</b>

Notes to and forming part of the financial statements are set out on pages 74 to 170

Auditors' Report - Pages 173 to 175

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

Fair value Reserve RM'000	Hedge Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
-	-	254,191	10,553,079	12,232,791	160,088	12,392,879
204,560	267,585	-	50,741	522,886	137	523,023
204,560	267,585	254,191	10,603,820	12,755,677	160,225	12,915,902
279,894	(170,937)	29,880	1,615,964	1,602,988	15,259	1,618,247
-	-	-	542	542	-	542
-	-	10,490	(10,045)	-	-	-
-	-	-	(272,665)	(272,665)	-	(272,665)
-	-	-	-	-	(2,491)	(2,491)
-	-	-	-	-	(176)	(176)
484,454	96,648	294,561	11,937,616	14,086,542	172,817	14,259,359
34,383	(127,839)	366	1,883,763	820,935	16,234	837,169
-	-	-	3,160	2,739	-	2,739
-	-	10,386	(9,941)	-	-	-
-	-	-	(1,635,990)	(1,635,990)	-	(1,635,990)
-	-	-	-	-	(2,226)	(2,226)
-	-	-	-	-	(1,541)	(1,541)
<b>518,837</b>	<b>(31,191)</b>	<b>305,313</b>	<b>12,178,608</b>	<b>13,274,226</b>	<b>185,284</b>	<b>13,459,510</b>

Continued from Previous Page

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax			
Continuing operations		1,123,030	1,455,390
Discontinued operations	8	838,741	277,087
		<u>1,961,771</u>	<u>1,732,477</u>
<b>Adjustments for non-cash items:</b>			
Amortisation and depreciation		78,468	96,996
Bad and doubtful debts		2,468	(167)
Property, plant and equipment, investment properties and other intangible assets written off		409	183
Impairment of investment properties		-	297
Impairment of investment properties written back		(34)	-
Impairment of investment in an associate		-	269
Impairment of goodwill		-	642
Profit on disposal of property, plant and equipment and investment properties		(23,168)	(615)
Profit on disposal of sugar-related assets		(840,994)	-
Profit on disposal of a subsidiary		(10,675)	-
Profit on disposal of associates		-	(1,023)
Deficit arising from liquidation of subsidiaries		2,828	-
Deficit arising from liquidation of an associate		-	278
Fair value gain on financial assets at fair value through profit or loss		(16,283)	(9,491)
Gain on derecognition of available-for-sale financial assets		(94)	(1,285)
Share of net profits less losses of associates		(772,053)	(1,231,922)
Share of profits of jointly controlled entity		(1,189)	(1,144)
Inventories written off		71	-
Unrealised foreign exchange gain		(2,959)	(13,426)
Unrealised loss/(gain) on fair value of derivative financial instruments		185	(6,085)
Discount on acquisition written off		-	(73)
Loss on recognition of loans and receivables		721	-
Interest expense		4,759	7,842
Dividend income		(42,550)	(48,340)
Interest income		(33,771)	(9,181)
Rental income		(3,348)	(4,096)
<b>Operating profit before working capital changes</b>		<u>304,562</u>	<u>512,136</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000
<b>Adjustments for working capital changes:</b>			
Land and development expenditure		(4,808)	(8,070)
Inventories, biological assets and other intangible assets		48,226	67,390
Gross amounts due from/to customers		(25,653)	(8,571)
Receivables		(46,301)	(58,799)
Payables		9,799	46,184
<b>Cash generated from operations</b>		<b>285,825</b>	<b>550,270</b>
Tax paid		(46,191)	(77,411)
<b>Net cash generated from operating activities</b>		<b>239,634</b>	<b>472,859</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of shares in a new subsidiary	43(a)	(2)	-
Acquisition of additional equity interest in an existing subsidiary	43(b)	(3,712)	(128)
Acquisition of additional equity interest in existing associates		-	81
Subscription for proportionate shares of an existing associate		-	(1,750)
Surplus from liquidation of subsidiaries		46	780
Acquisition of equity interest in an associate		(2,205)	-
Proceeds from disposal of a subsidiary		25,563	-
Proceeds from disposal of an associate		-	1,607
Repayment from/(Advances to) associates		9,129	(12,890)
Purchase of other investments		(1,214)	(267)
Proceeds from disposal of other investments		234	7,120
Purchase of property, plant and equipment	45	(126,221)	(158,652)
Purchase of investment properties, biological assets and other intangible assets		(5,951)	(4,907)
Proceeds from disposal of property, plant and equipment and investment properties		39,669	1,218
Deposits from sale of investments		-	64,624
Proceeds from disposal of sugar-related assets	8(e)	1,083,081	-
Withdrawal of deposits		-	21
Return of capital from an associate		4,781	2,500
Return of capital from jointly controlled entity		3,474	17,370
Dividends received from a former subsidiary		86,997	-
Dividends received from associates		417,028	220,832
Dividends received from a former associate		7,838	-
Dividends received from other investments		27,604	48,239
Interest received		34,375	8,611
Rental received		3,348	4,096
<b>Net cash generated from investing activities</b>		<b>1,603,862</b>	<b>198,505</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 RM'000	2009 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Revolving credits, bankers' acceptance and short term loans	38,588	(152,382)
Bank term loans	(39,141)	24,268
Payment of hire purchase liabilities	(83)	(189)
Repayment to associates	(6)	(141)
Repayment to jointly controlled entity	-	(12,378)
Interest paid	(5,126)	(12,598)
Dividends paid to shareholders of the Company	(1,635,990)	(272,665)
Dividends paid to minority shareholders of subsidiaries	(2,226)	(2,491)
<b>Net cash used in financing activities</b>	<u>(1,643,984)</u>	<u>(428,576)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	199,512	242,788
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	731,010	489,022
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(7,051)	(800)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u>923,471</u>	<u>731,010</u>
<b>Represented by:</b>		
Cash and bank balances	59,820	55,480
Deposits	863,862	676,886
Bank overdrafts	(211)	(1,356)
	<u>923,471</u>	<u>731,010</u>

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

**INCOME STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Note</i>	2010 RM'000	2009 RM'000 (Restated)
<b>Continuing operations</b>			
Revenue	3	348,907	5,877,693
Cost of sales	4	(2,905)	-
Gross profit		346,002	5,877,693
Other operating income		42,830	8,305
Administrative and general expenses		(33,676)	(15,439)
Finance costs	5	-	(3,106)
Profit before tax	6	355,156	5,867,453
Income tax expense	7	1,861	(24,322)
Profit for the year from continuing operations		357,017	5,843,131
<b>Discontinued operation</b>			
Profit for the year from discontinued operation, net of tax	8	1,199,553	271
Profit for the year		1,556,570	5,843,402

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 RM'000	2009 RM'000
Profit for the year	1,556,570	5,843,402
<u>Other comprehensive income, net of tax</u>		
Fair value gains on available-for-sale financial assets	18,402	161,784
Total comprehensive income	1,574,972	6,005,186

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 RM'000	2009 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,766	712
Investment properties	11	64,401	64,218
Investments in subsidiaries	16	1,330,782	1,381,567
Investments in associates	17	8,729,487	8,735,487
Other investments	19	718,304	699,902
Amounts due from subsidiaries	21	53,100	59,583
<b>Total non-current assets</b>		<b>10,897,840</b>	<b>10,941,469</b>
<b>Current assets</b>			
Trade debtors	25	55	-
Other receivables, deposits and prepayments		1,967	1,598
Amounts due from subsidiaries	21	28,170	111,428
Amounts due from associates	26	3,657	13,025
Current tax assets		-	1,640
Deposits	28	341,663	290,835
Cash and bank balances	29	1,396	2,526
		<b>376,908</b>	<b>421,052</b>
Assets directly associated with disposal group classified as held for sale	8	-	34,281
Non-current assets classified as held for sale	30	712	11,747
<b>Total current assets</b>		<b>377,620</b>	<b>467,080</b>
<b>TOTAL ASSETS</b>		<b>11,275,460</b>	<b>11,408,549</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	31	1,185,500	1,185,500
Share premium		6,715	6,715
Fair value reserve		180,290	161,888
Retained earnings		9,896,009	9,975,429
<b>Total equity</b>		<b>11,268,514</b>	<b>11,329,532</b>
<b>Non-current liability</b>			
Deferred tax liabilities	35	134	6,493
<b>Current liabilities</b>			
Trade payables	36	-	967
Other payables and accruals	37	6,654	71,547
Amounts due to subsidiaries	21	3	3
Amounts due to associates	26	-	7
Current tax liabilities		155	-
<b>Total current liabilities</b>		<b>6,812</b>	<b>72,524</b>
<b>Total liabilities</b>		<b>6,946</b>	<b>79,017</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,275,460</b>	<b>11,408,549</b>

Notes to and forming part of the financial statements are set out on pages 74 to 170

Auditors' Report - Pages 173 to 175

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	<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 2009		1,185,500	6,715	-	4,418,266	5,610,481
Effects of adopting <i>FRS 139</i>		-	-	104	(13,574)	(13,470)
<b>Restated</b>		<b>1,185,500</b>	<b>6,715</b>	<b>104</b>	<b>4,404,692</b>	<b>5,597,011</b>
Total comprehensive income		-	-	161,784	5,843,402	6,005,186
Dividends	42	-	-	-	(272,665)	(272,665)
<b>At 31 December 2009</b>		<b>1,185,500</b>	<b>6,715</b>	<b>161,888</b>	<b>9,975,429</b>	<b>11,329,532</b>
Total comprehensive income		-	-	18,402	1,556,570	1,574,972
Dividends	42	-	-	-	(1,635,990)	(1,635,990)
<b>At 31 December 2010</b>		<b>1,185,500</b>	<b>6,715</b>	<b>180,290</b>	<b>9,896,009</b>	<b>11,268,514</b>

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
<i>Note</i>	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		
Continuing operations	355,156	5,867,453
Discontinued operations	8    1,199,553	271
	<u>1,554,709</u>	<u>5,867,724</u>
<b>Adjustments for non-cash items:</b>		
Amortisation and depreciation	951	1,210
Property, plant and equipment written off	-	2
Profit on disposal of sugar-related assets	(1,201,806)	-
Profit on disposal of property, plant and equipment	(21)	(13)
Profit on disposal of investment property	(16,116)	-
Bad and doubtful debts	102	238
Unrealised foreign exchange loss	1	4
Loss on recognition of loans and receivables	179	-
Interest expense	-	3,106
Dividend income	(346,200)	(5,877,693)
Interest income	(26,040)	(6,735)
Rental income	(2)	(713)
<b>Operating loss before working capital changes</b>	<u>(34,243)</u>	<u>(12,870)</u>
<b>Adjustments for working capital changes:</b>		
Inventories and biological assets	1,808	(1,528)
Receivables	9,013	(8,439)
Payables	(1,314)	1,037
<b>Cash used in operations</b>	<u>(24,736)</u>	<u>(21,800)</u>
Tax refunded	(472)	4,298
<b>Net cash used in operating activities</b>	<u>(25,208)</u>	<u>(17,502)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	45    (1,527)	(901)
Purchase of investment properties	(1,535)	(16,826)
Proceeds from disposal of property, plant and equipment	28,127	92
Acquisition of shares in a subsidiary	(4)	(200)
Subscription for rights issue of a subsidiary	-	(410)
Deposits from sale of investments	-	64,624
Proceeds from sale of sugar-related assets	1,226,443	-
Repayment from subsidiaries	8,963	23,979
Repayment from associates	-	32

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	RM'000	RM'000
Dividends received from subsidiaries	66,244	348,184
Dividends received from a former subsidiary	86,997	-
Dividends received from associates	239,399	215,991
Dividends received from a former associate	7,838	-
Dividends received from other investments	23,491	19,993
Interest received	26,466	5,335
Rental received	2	713
<b>Net cash generated from investing activities</b>	<b>1,710,904</b>	<b>660,606</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to subsidiaries	-	(274,230)
Repayment to associates	(6)	(20)
Interest paid	-	(3,918)
Dividends paid	(1,635,990)	(272,665)
<b>Net cash used in financing activities</b>	<b>(1,635,996)</b>	<b>(550,833)</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>49,700</b>	<b>92,271</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>293,361</b>	<b>201,094</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(2)</b>	<b>(4)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>343,059</b>	<b>293,361</b>
 <b>Represented by:</b>		
Cash and bank balances	1,396	2,526
Deposits	341,663	290,835
	<b>343,059</b>	<b>293,361</b>

*Notes to and forming part of the financial statements are set out on pages 74 to 170*

*Auditors' Report - Pages 173 to 175*



## NOTES TO THE FINANCIAL STATEMENTS

Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosures of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 132	Financial Instruments : Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 140	Investment Property

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

### *FRS 101 - Presentation of Financial Statements*

The revised *FRS 101* requires an entity to present, in the statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (comprising the income statement and statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS

The Group and the Company have elected to present the statement of comprehensive income in two statements. As a result, the Group and the Company have presented all owner changes in equity in the statement of changes in equity whilst all non-owner changes in equity have been presented in the statement of comprehensive income. There is no impact on the results of the Group and the Company since these changes affect only the presentation of items of income and expense.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised *FRS 101* also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objective, policies and processes for managing capital. The Group's capital management are disclosed in note 55.

The revised *FRS 101* was adopted retrospectively by the Group and the Company.

### *Amendment to FRS 117 - Leases*

Prior to the adoption of the *Amendment to FRS 117*, leasehold land that had an indefinite economic life and with title not expected to pass to the lessee at the end of the lease term was classified as operating lease. Upfront payments for the rights to use the land over a predetermined period were accounted for as prepaid lease payments and amortised on a straight-line basis over the remaining period of the lease.

Upon adoption of the *Amendment to FRS 117* in relation to classification of leasehold land, the Group reassessed the classification of leasehold land as finance lease or operating lease at the date the Group adopted the amendments on the basis of information existing at the inception of those leases. The Group has determined that all leasehold land of the Group are in substance finance leases and has reclassified its leasehold land from prepaid lease payments to property, plant and equipment and investment properties accordingly. The reclassification has been accounted for retrospectively in accordance with the transitional provision and certain comparative figures have been restated as discussed in note 56.

## NOTES TO THE FINANCIAL STATEMENTS

### *Amendment to FRS 140 - Investment Property*

Prior to the adoption of *FRS 140*, assets under construction for future use as investment property were classified as property, plant and equipment.

Upon adoption of the *Amendment to FRS 140*, property under construction or development for future use as an investment property is classified as investment property. The comparative figures have been restated to conform to the current financial year presentation.

### 2.3 Revised FRSs, Issues Committee Interpretations (“IC Interpretations”) and Improvements to FRSs that are not yet effective

The Group and the Company have not applied the following revised FRSs, IC Interpretations and Improvements to FRSs (including their consequential amendments) that have been issued by MASB and relevant to their operations but are not yet effective:

Revised FRSs, IC Interpretations and Improvements to FRSs	Effective for financial periods beginning on or after
FRS 3	Business Combinations (revised) 1 July 2010
FRS 124	Related Party Disclosures (revised) 1 January 2012
FRS 127	Consolidated and Separate Financial Statements (revised) 1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives 1 July 2010
IC Interpretation 12	Service Concession Arrangements 1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate 1 January 2012
IC Interpretation 17	Distributions of Non-cash Assets to Owners 1 July 2010
Improvements to FRSs (2010)	1 January 2011

## NOTES TO THE FINANCIAL STATEMENTS

The above revised FRSs, IC Interpretations and Improvements to FRSs are not expected to have any significant financial impact on the Group and the Company upon their initial application except for the revised *FRS 3 and FRS 127* discussed as follows:

### *FRS 3 - Business Combinations (revised)*

The revised *FRS 3* introduces the option to measure the minority interests in a business combination either at fair value or at the minority interest's proportionate share of identifiable assets acquired. Goodwill on acquisition will be measured as the difference between the aggregate of fair value of consideration transferred, any minority interest in the acquiree and the fair value at the acquisition date of any previously held equity interest in the acquiree (if acquired via "piecemeal acquisition"), and the net identifiable assets acquired. Any bargain purchase (ie. "negative goodwill") will be recognised directly in the income statement. Any consideration transferred is to be measured at fair value as of the acquisition date. All acquisition-related costs are expensed off in the income statement.

### *FRS 127 - Consolidated and Separate Financial Statements (revised)*

The revised *FRS 127* requires that total comprehensive income must be proportionately allocated to the minority interests, even if the minority interests are in deficit position. Change in ownership interest which does not result in a loss of control is accounted for within equity instead of the income statement. 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.

The changes in the revised *FRS 3* and *FRS 127* will be applied prospectively and only affect future acquisitions or loss of control of subsidiaries and transactions with minority interests.

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

### Critical judgement made in applying accounting policies

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

#### *Classification of investment properties and owner-occupied properties*

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### *Revenue recognition of property development activities and engineering contracts*

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

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

### *Allowance for doubtful debts*

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

The allowance for doubtful debts is made based on a review of outstanding accounts as at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of the Group's and Company's trade receivables at the end of the reporting period are disclosed in notes 25 and 26.

### *Deferred tax assets*

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

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets at the end of the reporting period is disclosed in note 20.

## NOTES TO THE FINANCIAL STATEMENTS

### Key sources of estimation uncertainty

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

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

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

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges may be revised. The carrying amount of the Group's and Company's property, plant and equipment and investment properties at end of the reporting period are disclosed in notes 10 and 11.

#### *Impairment loss and write down of inventories*

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

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

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional impairment losses for slow-moving inventories may be required. The carrying amount of the Group's inventories are disclosed in note 22.

## NOTES TO THE FINANCIAL STATEMENTS

### *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 14.

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

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

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries, associates and jointly controlled entities and also choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's investments in subsidiaries, associates and jointly controlled entities at the end of the reporting period are disclosed in notes 16, 17 and 18.

## 2.5 Subsidiaries

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.6 Basis of consolidation

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

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

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

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

Any excess of the acquisition cost over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired represents goodwill, while a shortfall is immediately credited to the consolidated income statement. Goodwill is accounted for in accordance with the accounting policy set out in note 2.22.1.

Minority interests represent the portion of the profit or loss and net assets in subsidiaries not held by the Group.

### 2.7 Associates

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

### 2.8 Jointly controlled entities

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

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

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

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

### 2.9 Property, plant and equipment

#### Measurement basis

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### Depreciation

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

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

The principal annual rates used for this purpose are:

Land and Buildings	2% - 5%	or the lease period, if shorter
Plant, machinery and equipment	5% - 50%	
Motor vehicles	10% - 25%	
Vessel	5%	
Furniture, fittings, office and other equipment	5% - 50%	

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

### 2.10 Investment properties

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

#### Measurement basis

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

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

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

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

#### Depreciation

Freehold land is not depreciated.

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

## NOTES TO THE FINANCIAL STATEMENTS

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold land and buildings with remaining lease period	
- 50 years and above	2% to 10%
- less than 50 years	Over the remaining period of the lease

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

### 2.11 Biological assets

Biological assets comprise primarily livestock and oil palms.

#### 2.11.1 Livestock

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

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

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

#### 2.11.2 Oil palms

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

### 2.12 Development properties

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 2.13 Leases

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

#### 2.13.1 Finance lease

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

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

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

#### 2.13.2 Operating lease

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

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

### 2.14 Intangible assets

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

### 2.14.1 Goodwill

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

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

### 2.14.2 Computer software and film rights

#### Measurement basis

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

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

#### Amortisation

Amortisation is calculated to write off the depreciable amount of computer software on a straight-line basis over its estimated useful life. The principal annual rate used is 20%.

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

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

### 2.15 Financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.15.1 Initial recognition and measurement

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

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

### 2.15.2 Financial instrument categories and subsequent measurement

#### Financial assets

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

#### *Regular way purchase or sale of financial assets*

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

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

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

#### *Financial assets at fair value through profit or loss*

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### *Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for 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 derecognition or impairment, and through the amortisation process of loans and receivables are recognised in the income statement.

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

### *Available-for-sale financial assets*

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### Financial liabilities

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

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

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

#### 2.15.3 Derecognition of financial assets and liabilities

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

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

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

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

#### 2.15.4 Derivative financial instruments and hedging

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

### Cash flow hedge

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 2.16 Engineering contracts

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

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

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

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

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

### 2.17 Inventories

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

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

### 2.18 Non-current assets held for sale and discontinued operations

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.19 Share capital

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

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

### 2.20 Income recognition

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

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

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

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

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

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

2.20.5 Interest income is recognised on a time proportion basis.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

2.21 Foreign currencies

2.21.1 Functional currency

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

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

2.21.2 Transactions and balances in foreign currencies

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

### 2.21.3 Translation of foreign operations

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

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

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

### 2.22 Impairment of non-financial assets

#### 2.22.1 Goodwill

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.23 Impairment of financial assets

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

#### 2.23.1 Assets carried at amortised cost

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

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

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

#### 2.23.2 Available-for-sale financial assets

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### 2.24 Employee benefits

#### 2.24.1 Short term employee benefits

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

#### 2.24.2 Post-employment benefits

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2.24.3 Termination benefits

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

### 2.25 Borrowing costs

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

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

### 2.26 Taxation

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

### 2.27 Cash and cash equivalents

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

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

### 2.28 Segment reporting

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate 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 how to allocate 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 allocated on a reasonable basis 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

### 3. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
Sales of agricultural produce, food-based products and other goods	1,791,308	1,616,198	-	-
Contract revenue	117,680	118,332	-	-
Sale of development properties	8,681	7,837	-	-
Collections from cinema operations	243,903	205,692	-	-
Rental from leasing of investment properties	31,293	29,824	2,707	-
Waste management and other services rendered	38,621	27,546	-	-
Dividend income	42,550	48,340	346,200	5,877,693
	<b>2,274,036</b>	<b>2,053,769</b>	<b>348,907</b>	<b>5,877,693</b>

Included in the rental from leasing of investment properties is contingent rental amounting to RM439,818 (2009: RM200,832).

### 4. COST OF SALES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Raw materials and consumables used	1,039,565	1,002,701	-	-
Finished goods purchased	313,932	296,704	-	-
Employee benefits expense	75,545	68,598	371	-
Depreciation and amortisation	58,920	49,567	733	-
Cost of film rights and rental	89,300	77,001	-	-
Rental of land and buildings	30,114	26,857	-	-
Others	192,760	182,877	1,801	-
	<b>1,800,136</b>	<b>1,704,305</b>	<b>2,905</b>	<b>-</b>

### 5. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Interest paid and payable on:</i>				
Banker's acceptance	6	1,559	-	-
Revolving credits	239	1,760	-	23
Advances from subsidiaries	-	-	-	3,083
Bank term loans	4,383	3,144	-	-
Bank overdrafts	13	14	-	-
Hire purchase	1	11	-	-
Others	117	62	-	-
	<b>4,759</b>	<b>6,550</b>	<b>-</b>	<b>3,106</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
<i>Profit before tax is stated after charging:</i>				
Amortisation				
- other intangible assets				
- included in cost of sales	9,346	9,702	-	-
- included in administrative and general expenses	1,113	1,167	-	-
Auditors' remuneration				
- current year	885	817	73	63
- under/(over)provision in prior year	41	(33)	10	-
Bad and doubtful debts	3,466	1,323	102	238
Depreciation				
- property, plant and equipment	62,946	54,975	269	74
- investment properties	4,891	5,084	682	183
- biological assets	172	175	-	-
Direct operating expenses on				
- revenue-generating investment properties	17,183	17,246	3,144	70
- non-revenue generating investment properties	170	200	3	2
Directors' remuneration				
- Company's directors:				
- fees	278	260	265	260
- other emoluments	7,756	7,379	6,994	6,720
- Subsidiaries' directors:				
- fees				
- current year	376	377	-	-
- overprovision in prior year	-	(3)	-	-
- other emoluments	14,893	14,912	-	-
Foreign exchange loss				
- realised	9,136	9,842	-	-
- unrealised	2,059	590	1	4
Fair value loss on derivative financial instruments				
	210	8	-	-
Impairment of investment property	-	297	-	-
Impairment of investment in an associate	-	269	-	-
Impairment of goodwill	-	642	-	-
Loss on disposal of property, plant and equipment				
	44	3	-	-
Operating leases				
- minimum lease payments for land and buildings	24,904	22,147	442	442
- minimum lease payments for equipment	1,002	848	-	-
- contingent rent	6,336	3,244	-	-
Property, plant and equipment written off	373	174	-	1

## NOTES TO THE FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX (continued)

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
Investment properties written off	34	3	-	-
Other intangible assets written off	2	5	-	-
Inventories written off	71	-	-	-
Deficit arising from liquidation of subsidiaries (see note 46)	2,828	-	-	-
Deficit arising from liquidation of an associate	-	278	-	-
Loss on recognition of loans and receivables	721	-	179	-
<i>and crediting:</i>				
Gross dividends from unquoted subsidiaries in Malaysia	-	-	68,244	5,640,702
Gross dividends from unquoted former subsidiary in Malaysia	6,997	-	6,997	-
Gross dividends from associates				
- quoted outside Malaysia	-	-	222,627	212,991
- unquoted in Malaysia	-	-	17,000	4,000
Gross dividends from unquoted former associate in Malaysia	7,838	-	7,838	-
Gross dividends from other investments				
- quoted in Malaysia	21,916	42,521	21,014	18,056
- quoted outside Malaysia	5,799	5,819	2,480	1,944
Interest income	33,771	6,999	26,040	6,735
Rental income from investment properties	3,348	3,925	2	542
Allowance for doubtful debts written back	998	1,490	-	-
Bad debt recovered	56	94	-	-
Impairment of investment property written back	34	-	-	-
Foreign exchange gain				
- realised	4,020	2,800	-	339
- unrealised	5,018	14,016	-	-
Fair value gain on financial assets at fair value through profit or loss	16,283	9,491	-	-
Fair value gain on derivative financial instruments	1,722	4,412	-	-
Gain on derecognition of available-for-sale financial assets	94	1,285	-	-
Profit on disposal of				
- a subsidiary	10,675	-	-	-
- an associate	-	1,023	-	-
Profit on disposal of				
- property, plant and equipment	871	585	21	34
- investment properties	22,341	-	16,116	-
Discount on acquisition written off	-	73	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX (continued)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Company's directors	55	47	30	8
Subsidiaries' directors	306	469	-	-

### 7. INCOME TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Continuing operations</u>				
Malaysian taxation based on results for the year				
Current	59,756	38,186	4,513	24,930
Deferred	(5,350)	6,138	(6,375)	279
	<u>54,406</u>	<u>44,324</u>	<u>(1,862)</u>	<u>25,209</u>
Foreign taxation				
Current	3,753	1,509	-	-
Deferred	1,895	769	-	-
	<u>60,054</u>	<u>46,602</u>	<u>(1,862)</u>	<u>25,209</u>
(Over)/Underprovision in prior year				
Malaysian taxation				
Current	(1,300)	4,993	(15)	(893)
Deferred	2,247	(3,939)	16	6
Foreign taxation				
Current	-	(1,474)	-	-
	<u>61,001</u>	<u>46,182</u>	<u>(1,861)</u>	<u>24,322</u>
<u>Discontinued operations</u>				
Malaysian taxation based on results for the year				
Current	-	53,814	-	-
Deferred	-	4,401	-	-
	<u>-</u>	<u>58,215</u>	<u>-</u>	<u>-</u>
Overprovision in prior year				
Malaysian taxation				
Current	-	(959)	-	-
	<u>-</u>	<u>57,256</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>61,001</u>	<u>103,438</u>	<u>(1,861)</u>	<u>24,322</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. INCOME TAX EXPENSE (continued)

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

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accounting profit from:				
- continuing operations	349,788	214,643	355,156	5,867,453
- discontinued operations	838,741	284,768	1,199,553	271
	<u>1,188,529</u>	<u>499,411</u>	<u>1,554,709</u>	<u>5,867,724</u>
Taxation at applicable tax rate	298,721	127,120	388,677	1,466,931
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividend	(11,676)	(11,852)	(84,318)	(1,444,210)
- under Section 54A of Income Tax Act 1967	(1,588)	(214)	-	-
- profit on disposal of				
- subsidiary	(210,034)	-	(292,242)	-
- associates	-	(256)	(5,077)	-
- land and buildings	(8,742)	-	(7,162)	-
- fair value gain on financial assets at fair value through profit or loss	(4,072)	(2,373)	-	-
- unrealised fair value gain on derivative financial instruments	(5)	(1,523)	-	-
- gain on derecognition of available-for-sale financial assets	(24)	(321)	-	-
- others	(1,571)	(1,610)	(64)	(50)
Expenses eligible for double deduction	(337)	(467)	-	-
Non-deductible expenses				
- impairment of an investment property	-	74	-	-
- impairment of an associate	-	67	-	-
- impairment of goodwill	-	161	-	-
- deficit arising from liquidation of subsidiaries	707	-	-	-
- loss on disposal of an associate	249	-	-	-
- others	7,974	7,232	2,051	338
Utilisation of reinvestment allowance	(5,794)	(12,636)	-	-
Utilisation of previously unrecognised tax losses	(4,004)	-	(3,727)	-
Deferred tax assets not recognised	250	1,415	-	2,200
Under/(Over)provision in prior year	947	(1,379)	1	(887)
	<u>61,001</u>	<u>103,438</u>	<u>(1,861)</u>	<u>24,322</u>

The Company is on 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 30 October 2009, the Company ("PPB") and its 49% associate, Grenfell Holdings Sdn Bhd ("Grenfell") entered into separate conditional sale and purchase agreements with Felda Global Ventures Holdings Sdn Bhd ("FGVH") for the proposed disposal by PPB of shares in Malayan Sugar Manufacturing Company Berhad ("MSM"), Kilang Gula Felda Perlis Sdn Bhd ("KGFP") and land located in Chuping ("Chuping Land"), and by Grenfell of shares in Tradewinds (M) Berhad ("TWM Shares").

The disposals of MSM, KGFP, Chuping Land and the TWM Shares were completed in 2010.

The results of MSM, KGFP, Chuping sugar cane plantation and Tradewinds (M) Berhad ("TWM") were disclosed under discontinued operations in the financial year ended 31 December 2009.

The assets and liabilities of MSM, certain assets of Chuping sugar cane plantation, and investments in KGFP and TWM were classified as held for sale in the consolidated statement of financial position as at 31 December 2009.

(a) The results of the discontinued operations are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	119	1,406,975	119	26,837
Cost of sales	<b>(2,270)</b>	(1,088,521)	<b>(2,270)</b>	(25,136)
Gross (loss)/profit	<b>(2,151)</b>	318,454	<b>(2,151)</b>	1,701
Other operating income	2	27,488	2	244
Distribution costs	-	(40,799)	-	-
Administrative and general expenses	<b>(100)</b>	(18,923)	<b>(100)</b>	(1,674)
Other operating expenses	<b>(4)</b>	(160)	<b>(4)</b>	-
Share of net profits less losses of associates	-	(7,681)	-	-
Finance costs	-	(1,292)	-	-
(Loss)/Profit before tax	<b>(2,253)</b>	277,087	<b>(2,253)</b>	271
Income tax expense	-	(57,256)	-	-
(Loss)/Profit after tax from discontinued operations but before profit from disposal of discontinued operations	<b>(2,253)</b>	219,831	<b>(2,253)</b>	271
Profit from disposal of discontinued operations	<b>840,994</b>	-	<b>1,201,806</b>	-
Profit for the year from discontinued operations	<b>838,741</b>	219,831	<b>1,199,553</b>	271

## NOTES TO THE FINANCIAL STATEMENTS

### 8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

#### (b) Profit before tax

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
<i>Profit before tax is stated after charging:</i>				
Auditors' remuneration	-	49	-	-
Depreciation				
- property, plant and equipment	-	25,568	-	698
- investment properties	-	325	-	255
Directors' remuneration				
- company directors' other emoluments	-	2,562	-	-
- subsidiary's directors:				
- fees	-	30	-	-
- other emoluments	-	2,724	-	-
Realised foreign exchange loss	-	84	-	-
Loss on disposal of property, plant and equipment	-	21	-	21
Operating lease rental of premises	-	1,590	-	23
Property, plant and equipment written off	-	1	-	1
<hr/>				
<i>and crediting:</i>				
Interest income	-	2,182	-	-
Rental income	-	171	-	171
Profit on disposal of property, plant and equipment	-	54	-	-
Realised foreign exchange gain	1	-	1	-
Fair value gain on derivative financial instruments	-	25,008	-	-
<hr/>				

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

	Group	
	2010 RM'000	2009 RM'000
Company's directors	-	21
Subsidiaries' directors	-	50
<hr/>		

## NOTES TO THE FINANCIAL STATEMENTS

### 8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(c) The assets and liabilities of the disposal group are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
<u>Assets directly associated with disposal group classified as held for sale</u>				
Property, plant and equipment	-	185,862	-	3,748
Investment properties	-	13,742	-	13,742
Investments in associates	-	127,458	-	-
Inventories	-	266,313	-	3,038
Biological assets	-	13,753	-	13,753
Trade receivables	-	81,122	-	-
Other receivables, deposits and prepayments	-	62,747	-	-
Deposits	-	135,701	-	-
Cash and bank balances	-	7,711	-	-
Derivative financial assets	-	6,034	-	-
	-	900,443	-	34,281
<u>Liabilities directly associated with disposal group classified as held for sale</u>				
Deferred tax liabilities	-	12,243	-	-
Trade payables	-	2,647	-	-
Other payables and accruals	-	94,295	-	-
Short term borrowings	-	126,000	-	-
Current tax liabilities	-	31,064	-	-
	-	266,249	-	-

(d) Cash flows from discontinued operations

	Group	
	2010 RM'000	2009 RM'000
Cash flows from operating activities	5,480	247,815
Cash flows from investing activities	-	(57,325)
Cash flows from financing activities	-	(13,302)
Net cash generated from discontinued operations	5,480	177,188

## NOTES TO THE FINANCIAL STATEMENTS

### 8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(e) The analysis of the MSM, KGFP and Chuping Land disposals during the year is as follow:

	Group	
	2010 RM'000	2009 RM'000
Property, plant and equipment	185,862	-
Investment properties	13,742	-
Investments in associates	27,306	-
Inventories	266,298	-
Biological assets (current assets)	11,958	-
Receivables	143,919	-
Derivative financial assets	6,034	-
Cash and cash equivalents	143,363	-
Bank borrowings	(126,000)	-
Payables	(179,101)	-
Current tax liabilities	(31,064)	-
Deferred tax liabilities	(12,243)	-
Share of net assets disposed of	450,074	-
Profit from disposal of discontinued operations	840,994	-
Total sale consideration	1,291,068	-
Less : deposits received in prior year	(64,624)	-
Less : cash and cash equivalent disposed of	(143,363)	-
Net cash inflow during the year	1,083,081	-

### 9. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	Group	
	2010 RM'000	2009 RM'000
Attributable to shareholders of the Company		
- Profit from continuing operations	1,045,022	1,396,133
- Profit from discontinued operations	838,741	219,831
	1,883,763	1,615,964
Number of ordinary shares in issue ('000)	1,185,500	1,185,500
Basic earnings per share attributable to shareholders of the Company (sen)		
- Profit from continuing operations	88.2	117.8
- Profit from discontinued operations	70.7	18.5
	158.9	136.3

## NOTES TO THE FINANCIAL STATEMENTS

### 10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>								
<b>At 1.1.2010</b>								
- cost	178,226	212,713	274,287	527,608	98,977	82,466	82,776	1,457,053
- valuation	-	-	9,770	-	-	-	-	9,770
<b>As restated</b>	<b>178,226</b>	<b>212,713</b>	<b>284,057</b>	<b>527,608</b>	<b>98,977</b>	<b>82,466</b>	<b>82,776</b>	<b>1,466,823</b>
Fair value adjustments*	168	-	-	-	-	-	-	168
Additions	1,912	3,111	18,259	16,430	2,982	7,619	72,649	122,962
Disposals - cost	(7)	(6)	-	(740)	(3,716)	(336)	-	(4,805)
Disposal via disposal of subsidiary - cost	(11,063)	-	-	(3,220)	(1,261)	(842)	-	(16,386)
Exchange differences								
- cost	-	-	(5,450)	(4,676)	(6,395)	(192)	(87)	(16,800)
Transfer to investment properties - cost	(213)	(1,114)	(2,108)	-	-	-	-	(3,435)
Write-offs - cost	-	-	(1,337)	(1,740)	(836)	(1,991)	-	(5,904)
Reclassified to other intangible assets - cost	-	-	-	-	-	(95)	-	(95)
Reclassifications								
- cost	(74)	7,335	(2,122)	(376)	-	451	(5,214)	-
- valuation	-	714	(714)	-	-	-	-	-
<b>At 31.12.2010</b>	<b>168,949</b>	<b>222,753</b>	<b>290,585</b>	<b>533,286</b>	<b>89,751</b>	<b>87,080</b>	<b>150,124</b>	<b>1,542,528</b>
- cost	168,949	222,039	281,529	533,286	89,751	87,080	150,124	1,532,758
- valuation	-	714	9,056	-	-	-	-	9,770
	<b>168,949</b>	<b>222,753</b>	<b>290,585</b>	<b>533,286</b>	<b>89,751</b>	<b>87,080</b>	<b>150,124</b>	<b>1,542,528</b>

\* Fair value adjustments made following the acquisition of additional equity interest in an existing subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

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

Group	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>								
<b>At 1.1.2010</b>								
- cost	46,402	36,044	93,449	260,788	44,817	52,120	-	533,620
- valuation	-	-	9,369	-	-	-	-	9,369
<b>As restated</b>	<b>46,402</b>	<b>36,044</b>	<b>102,818</b>	<b>260,788</b>	<b>44,817</b>	<b>52,120</b>	<b>-</b>	<b>542,989</b>
<b>Charge for the year</b>								
- cost	3,712	5,163	14,172	29,073	4,679	6,143	-	62,942
- valuation	-	4	-	-	-	-	-	4
Disposals - cost	(2)	(6)	-	(727)	(3,201)	(241)	-	(4,177)
Disposal via disposal of subsidiary - cost	(1,977)	-	-	(2,062)	(698)	(573)	-	(5,310)
Exchange differences - cost	-	-	(1,277)	(644)	(2,330)	(151)	-	(4,402)
Transfer to investment properties - cost	(3)	(475)	(2,100)	-	-	-	-	(2,578)
Write-offs - cost	-	-	(1,337)	(1,559)	(836)	(1,799)	-	(5,531)
Reclassified to other intangible assets - cost	-	-	-	-	-	(15)	-	(15)
Reclassifications - cost	-	829	(829)	(355)	-	355	-	-
- valuation	-	313	(313)	-	-	-	-	-
<b>At 31.12.2010</b>	<b>48,132</b>	<b>41,872</b>	<b>111,134</b>	<b>284,514</b>	<b>42,431</b>	<b>55,839</b>	<b>-</b>	<b>583,922</b>
- cost	48,132	41,555	102,078	284,514	42,431	55,839	-	574,549
- valuation	-	317	9,056	-	-	-	-	9,373
	48,132	41,872	111,134	284,514	42,431	55,839	-	583,922
<b>Accumulated impairment losses</b>								
<b>At 1.1.2010/31.12.2010</b>								
- cost	476	-	523	-	-	430	-	1,429
- valuation	-	-	-	-	-	-	-	-
	476	-	523	-	-	430	-	1,429
<b>Net book value</b>								
<b>at 31.12.2010</b>								
	120,341	180,881	178,928	248,772	47,320	30,811	150,124	957,177
- cost	120,341	180,484	178,928	248,772	47,320	30,811	150,124	956,780
- valuation	-	397	-	-	-	-	-	397
	120,341	180,881	178,928	248,772	47,320	30,811	150,124	957,177

## NOTES TO THE FINANCIAL STATEMENTS

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

Group	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, and machinery equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>								
<b>At 1.1.2009</b>								
- cost	203,501	230,729	239,831	647,197	119,123	87,160	207,966	1,735,507
- valuation	87	-	16,674	15,863	-	-	-	32,624
<b>As restated</b>	<b>203,588</b>	<b>230,729</b>	<b>256,505</b>	<b>663,060</b>	<b>119,123</b>	<b>87,160</b>	<b>207,966</b>	<b>1,768,131</b>
Additions	247	722	16,845	27,971	4,333	7,112	109,440	166,670
Disposals - cost	(3)	(25)	(487)	(3,074)	(1,593)	(418)	-	(5,600)
Exchange differences								
- cost	-	-	736	2,100	(850)	(11)	5,358	7,333
Transfer to disposal group classified as held for sale - cost	(38,135)	(15,900)	(35,987)	(305,191)	(22,477)	(10,977)	(5,943)	(434,610)
- valuation	(87)	-	(6,267)	(14,329)	-	-	-	(20,683)
Transfer to non-current assets held for sale								
- cost	-	(2,282)	-	-	-	-	-	(2,282)
Transfer to land held for property development								
- cost	(3,962)	-	-	-	-	-	-	(3,962)
Transfer to inventories								
- cost	-	-	-	-	-	301	-	301
Write-offs								
- cost	(204)	(531)	(1,192)	(3,039)	(83)	(1,892)	-	(6,941)
- valuation	-	-	-	(1,534)	-	-	-	(1,534)
Reclassifications								
- cost	16,782	-	54,541	161,644	524	1,191	(234,045)	637
- valuation	-	-	(637)	-	-	-	-	(637)
<b>At 31.12.2009</b>	<b>178,226</b>	<b>212,713</b>	<b>284,057</b>	<b>527,608</b>	<b>98,977</b>	<b>82,466</b>	<b>82,776</b>	<b>1,466,823</b>
- cost	178,226	212,713	274,287	527,608	98,977	82,466	82,776	1,457,053
- valuation	-	-	9,770	-	-	-	-	9,770
	178,226	212,713	284,057	527,608	98,977	82,466	82,776	1,466,823

## NOTES TO THE FINANCIAL STATEMENTS

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

	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>								
<b>Accumulated depreciation</b>								
<b>At 1.1.2009</b>								
- cost	49,101	45,295	106,565	401,176	57,406	55,561	-	715,104
- valuation	87	-	16,261	15,863	-	-	-	32,211
<b>As restated</b>	<b>49,188</b>	<b>45,295</b>	<b>122,826</b>	<b>417,039</b>	<b>57,406</b>	<b>55,561</b>	-	<b>747,315</b>
Charge for the year								
- cost	4,498	5,264	14,544	42,474	6,506	7,245	-	80,531
- valuation	-	-	12	-	-	-	-	12
Disposals - cost	-	(17)	(487)	(2,900)	(1,202)	(391)	-	(4,997)
Exchange differences								
- cost	-	-	(614)	(666)	(409)	(30)	-	(1,719)
Transfer to disposal group classified as held for sale - cost	(7,009)	(13,545)	(26,011)	(176,334)	(17,401)	(8,448)	-	(248,748)
- valuation	(87)	-	(6,267)	(14,329)	-	-	-	(20,683)
Transfer to non-current assets held for sale								
- cost	-	(422)	-	-	-	-	-	(422)
Write-offs - cost	(188)	(531)	(1,185)	(2,962)	(83)	(1,817)	-	(6,766)
- valuation	-	-	-	(1,534)	-	-	-	(1,534)
Reclassifications								
- cost	-	-	637	-	-	-	-	637
- valuation	-	-	(637)	-	-	-	-	(637)
<b>At 31.12.2009</b>	<b>46,402</b>	<b>36,044</b>	<b>102,818</b>	<b>260,788</b>	<b>44,817</b>	<b>52,120</b>	-	<b>542,989</b>
- cost	46,402	36,044	93,449	260,788	44,817	52,120	-	533,620
- valuation	-	-	9,369	-	-	-	-	9,369
	46,402	36,044	102,818	260,788	44,817	52,120	-	542,989
<b>Accumulated impairment losses</b>								
<b>At 1.1.2009</b>								
- cost	476	-	523	1	-	430	-	1,430
- valuation	-	-	-	-	-	-	-	-
	476	-	523	1	-	430	-	1,430
Disposal - cost	-	-	-	(1)	-	-	-	(1)
<b>At 31.12.2009</b>	<b>476</b>	-	<b>523</b>	-	-	<b>430</b>	-	<b>1,429</b>
- cost	476	-	523	-	-	430	-	1,429
- valuation	-	-	-	-	-	-	-	-
	476	-	523	-	-	430	-	1,429
<b>Net book value at 31.12.2009</b>	<b>131,348</b>	<b>176,669</b>	<b>180,716</b>	<b>266,820</b>	<b>54,160</b>	<b>29,916</b>	<b>82,776</b>	<b>922,405</b>
- cost	131,348	176,669	180,315	266,820	54,160	29,916	82,776	922,004
- valuation	-	-	401	-	-	-	-	401
<b>As restated</b>	<b>131,348</b>	<b>176,669</b>	<b>180,716</b>	<b>266,820</b>	<b>54,160</b>	<b>29,916</b>	<b>82,776</b>	<b>922,405</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

Company	Freehold land RM'000	Long leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
<b>Cost</b>						
At 1.1.2010	42	-	120	810	1,768	2,740
Additions	-	-	1	1,255	269	1,525
Disposals	-	-	-	(580)	-	(580)
Write-offs	-	-	-	-	(180)	(180)
Transfer to investment properties	(42)	-	-	-	-	(42)
<b>At 31.12.2010</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>1,485</b>	<b>1,857</b>	<b>3,463</b>
<b>Accumulated depreciation</b>						
At 1.1.2010	-	-	-	603	1,425	2,028
Charge for the year	-	-	19	98	152	269
Disposals	-	-	-	(420)	-	(420)
Write-offs	-	-	-	-	(180)	(180)
<b>At 31.12.2010</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>281</b>	<b>1,397</b>	<b>1,697</b>
<b>Net book value at 31.12.2010</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>1,204</b>	<b>460</b>	<b>1,766</b>
<b>Cost</b>						
At 1.1.2009	42	15,274	15,957	3,864	2,685	37,822
Additions	-	182	247	244	223	896
Disposals	-	(24)	(36)	(325)	(4)	(389)
Write-offs	-	(532)	(232)	-	(31)	(795)
Transfer to disposal group classified as held for sale	-	(14,900)	(15,816)	(2,973)	(1,105)	(34,794)
<b>At 31.12.2009</b>	<b>42</b>	<b>-</b>	<b>120</b>	<b>810</b>	<b>1,768</b>	<b>2,740</b>
<b>Accumulated depreciation</b>						
At 1.1.2009	-	13,818	13,823	3,367	2,397	33,405
Charge for the year	-	275	316	76	105	772
Disposals	-	(17)	(33)	(256)	(4)	(310)
Write-offs	-	(531)	(232)	-	(30)	(793)
Transfer to disposal group classified as held for sale	-	(13,545)	(13,874)	(2,584)	(1,043)	(31,046)
<b>At 31.12.2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603</b>	<b>1,425</b>	<b>2,028</b>
<b>Net book value at 31.12.2009</b>	<b>42</b>	<b>-</b>	<b>120</b>	<b>207</b>	<b>343</b>	<b>712</b>

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM1.014 million (2009: RM4.214 million).

Included in the Group's property, plant and equipment are motor vehicles acquired under unexpired hire purchase arrangements with net book value amounting to RM15,000 (2009: RM415,000).

Title deeds to certain of the Group's freehold land and buildings with net book value of RM3.150 million (2009: RM3.253 million) have yet to be issued by the relevant authorities.

Property, plant and equipment of the Group with net book value of RM89.794 million (2009: RM80.113 million) has been charged to secure the long term bank loan referred to in note 33.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 11. INVESTMENT PROPERTIES

Cost/Valuation	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
<b>At 1 January</b>				
- cost	287,561	301,110	68,275	21,383
- valuation	6,410	26,533	-	21,236
	<b>293,971</b>	<b>327,643</b>	<b>68,275</b>	<b>42,619</b>
Fair value adjustment*	2,006	-	-	-
Additions	5,510	4,129	1,535	16,826
Additions via dividend-in-specie	-	-	-	44,500
Disposals - <i>cost</i>	(7)	-	-	-
Write-offs - <i>cost</i>	(41)	(5)	-	-
Transfer from property, plant and equipment - <i>cost</i>	3,435	-	42	-
Transfer to disposal group classified as held for sale - <i>cost</i>	-	(1,133)	-	(20)
- <i>valuation</i>	-	(20,123)	-	(21,236)
Transfer to assets held for sale - <i>cost</i>	(712)	(16,540)	(712)	(14,414)
<b>At 31 December</b>	<b>304,162</b>	<b>293,971</b>	<b>69,140</b>	<b>68,275</b>
- cost	297,752	287,561	69,140	68,275
- valuation	6,410	6,410	-	-
	<b>304,162</b>	<b>293,971</b>	<b>69,140</b>	<b>68,275</b>
<b>Accumulated depreciation</b>				
<b>At 1 January</b>				
- cost	76,764	74,105	35	2,519
- valuation	294	7,489	-	7,259
	<b>77,058</b>	<b>81,594</b>	<b>35</b>	<b>9,778</b>
Charge for the year - <i>cost</i>	4,858	5,090	682	183
- <i>valuation</i>	33	319	-	255
Disposals - <i>cost</i>	(7)	-	-	-
Write-offs - <i>cost</i>	(7)	(2)	-	-
Transfer from property, plant and equipment - <i>cost</i>	2,578	-	-	-
Transfer to disposal group classified as held for sale - <i>valuation</i>	-	(7,514)	-	(7,514)
Transfer to assets held for sale - <i>cost</i>	-	(2,429)	-	(2,667)
<b>At 31 December</b>	<b>84,513</b>	<b>77,058</b>	<b>717</b>	<b>35</b>
- cost	84,186	76,764	717	35
- valuation	327	294	-	-
	<b>84,513</b>	<b>77,058</b>	<b>717</b>	<b>35</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 11. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
<b>Accumulated impairment losses</b>				
<b>At 1 January</b>				
- cost	7,034	6,737	4,022	4,022
- valuation	-	-	-	-
	<u>7,034</u>	<u>6,737</u>	<u>4,022</u>	<u>4,022</u>
Charge for the year - cost	-	297	-	-
Write back - cost	(34)	-	-	-
<b>At 31 December</b>	<u>7,000</u>	<u>7,034</u>	<u>4,022</u>	<u>4,022</u>
- cost	7,000	7,034	4,022	4,022
- valuation	-	-	-	-
	<u>7,000</u>	<u>7,034</u>	<u>4,022</u>	<u>4,022</u>
<b>Net book value at 31 December</b>	<u>212,649</u>	<u>209,879</u>	<u>64,401</u>	<u>64,218</u>
- cost	206,566	203,763	64,401	64,218
- valuation	6,083	6,116	-	-
	<u>212,649</u>	<u>209,879</u>	<u>64,401</u>	<u>64,218</u>
<b>Fair value at 31 December</b>	<u>450,615</u>	<u>435,664</u>	<u>71,224</u>	<u>66,114</u>

\* Fair value adjustment made following the acquisition of additional equity interest in an existing subsidiary.

Title deeds to certain investment properties of the Group with net book value of RM6.670 million (2009: RM6.886 million) have yet to be issued by the relevant authorities.

The investment properties stated at valuation previously included in property, plant and equipment were revalued by directors based on independent professional valuations carried out in 1981 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. 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 financial year end were arrived at by reference to market evidence of transaction prices for similar properties and was performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the locations and categories of the properties being valued.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. BIOLOGICAL ASSETS

	Group	
	2010 RM'000	2009 RM'000
<b>Plantation Development Expenditure</b> <i>(included under non-current assets)</i>		
<b>Cost</b>		
At 1 January	4,221	4,100
Additions	26	121
<b>At 31 December</b>	<u>4,247</u>	<u>4,221</u>
<b>Accumulated depreciation</b>		
At 1 January	1,332	1,157
Charge for the year	172	175
<b>At 31 December</b>	<u>1,504</u>	<u>1,332</u>
<b>Net book value at 31 December</b>	<u>2,743</u>	<u>2,889</u>
<b>Biological assets</b> <i>(included under current assets)</i>		
Livestock at cost	<u>14,525</u>	<u>14,320</u>

### 13. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2010	4,533	263	6,472	11,268
Additions	-	-	216	216
<b>At 31 December 2010</b>	<u>4,533</u>	<u>263</u>	<u>6,688</u>	<u>11,484</u>
At 1 January 2009	571	263	5,625	6,459
Additions	-	-	847	847
Transfer from property, plant and equipment	3,962	-	-	3,962
<b>At 31 December 2009</b>	<u>4,533</u>	<u>263</u>	<u>6,472</u>	<u>11,268</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. GOODWILL

	Group	
	2010 RM'000	2009 RM'000
<b>Cost</b>		
<b>At 1 January</b>	72,444	73,086
Arising from the acquisition of subsidiaries ( <i>see note 43 (a)</i> )	2	-
Arising from the acquisition of additional shares in an existing subsidiary ( <i>see note 43(b)</i> )	2,171	-
Impairment loss for the year	-	(642)
<b>At 31 December</b>	<b>74,617</b>	<b>72,444</b>

#### 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	
	2010 RM'000	2009 RM'000
Environmental engineering, waste management and utilities	3,338	3,338
Film exhibition and distribution	70,233	68,062
Chemicals trading and manufacturing	290	290
Other operations	756	754
	<b>74,617</b>	<b>72,444</b>

#### Film exhibition and distribution

The recoverable amount of the CGU of film exhibition and distribution are 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 3.99% (2009: 3.99%), based on the long-term average growth rate of the industry. A pre-tax discount rate of 9.34% (2009: 9.42%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

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

The recoverable amounts of the CGU of environmental engineering, waste management and utilities, chemicals trading and manufacturing, and other operations are determined by value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by management. The cash flows beyond the five-year period are extrapolated using weighted average growth rates between 0.39% to 12.00% (2009: between 5.25% to 7.48%), based on the long-term average growth rate of the respective industries. The pre-tax discount rate between 4.88% to 19.51% (2009: between 4.28% to 13.70%) is applied to cash flow projections which also reflects 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 is expected to cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. OTHER INTANGIBLE ASSETS

	Group	
	2010	2009
	RM'000	RM'000
<b>Computer software (included under non-current assets)</b>		
<b>Cost</b>		
At 1 January	7,534	7,009
Additions	569	622
Write-offs	(44)	(96)
Reclassified from property, plant and equipment	95	-
Exchange differences	(92)	(1)
<b>At 31 December</b>	<b>8,062</b>	<b>7,534</b>
<b>Accumulated amortisation</b>		
At 1 January	5,565	4,490
Charge for the year	1,113	1,167
Write-offs	(42)	(91)
Reclassified from property, plant and equipment	15	-
Exchange differences	(92)	(1)
<b>At 31 December</b>	<b>6,559</b>	<b>5,565</b>
<b>Carrying amount</b>		
<b>At 31 December</b>	<b>1,503</b>	<b>1,969</b>
<b>Film rights (included under current assets)</b>		
<b>Cost</b>		
At 1 January	36,174	29,963
Additions	9,735	8,059
Rights expired	(3,791)	(1,848)
<b>At 31 December</b>	<b>42,118</b>	<b>36,174</b>
<b>Accumulated amortisation</b>		
At 1 January	29,840	21,986
Charge for the year	9,346	9,702
Rights expired	(3,791)	(1,848)
<b>At 31 December</b>	<b>35,395</b>	<b>29,840</b>
<b>Carrying amount</b>		
<b>At 31 December</b>	<b>6,723</b>	<b>6,334</b>

### 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted shares at cost	1,330,782	1,381,567

The subsidiaries are listed in note 58.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Shares quoted outside Malaysia at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	92,535	97,954	44,883	50,883
	<b>8,172,904</b>	<b>8,178,323</b>	<b>8,729,512</b>	<b>8,735,512</b>
Capital contribution	-	4,135	-	-
Impairment loss on unquoted shares	(4,705)	(4,705)	(25)	(25)
Group's share of post-acquisition reserves and retained profits less losses	1,832,073	2,450,677	-	-
	<b>10,000,272</b>	<b>10,628,430</b>	<b>8,729,487</b>	<b>8,735,487</b>
Market value of quoted shares	<b>15,783,634</b>	18,403,419	<b>15,783,634</b>	18,403,419

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM1.907 million and RM79.334 million (2009: RM16.969 million and RM77.427 million), respectively have not been recognised in the Group income statement as equity accounting had ceased when the Group's share of losses of this associate exceeded the carrying amount of its investment in the associate.

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

	2010 RM'000	2009 RM'000
<i>Assets and liabilities</i>		
Total assets	<b>105,960,418</b>	82,158,109
Total liabilities	<b>65,664,986</b>	41,043,335
<i>Results</i>		
Revenue	<b>98,065,893</b>	84,787,365
Profit for the year	<b>4,454,051</b>	6,707,320

The associates are listed in note 59.

### 18. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group	
	2010 RM'000	2009 RM'000
Capital contribution, at cost	18,053	21,527
Group's share of retained profits less losses	7,861	7,991
	<b>25,914</b>	29,518

## NOTES TO THE FINANCIAL STATEMENTS

### 18. INVESTMENT IN JOINTLY CONTROLLED ENTITY (continued)

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

	Group	
	2010 RM'000	2009 RM'000
<i>Assets and liabilities</i>		
Non-current assets	24,847	28,662
Current assets	1,519	1,618
Total assets	<u>26,366</u>	<u>30,280</u>
Non-current liabilities	-	-
Current liabilities	453	762
Total liabilities	<u>453</u>	<u>762</u>
<i>Results</i>		
Revenue	8,017	8,485
Expenses	(6,828)	(7,341)
Profit for the year	<u>1,189</u>	<u>1,144</u>

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

The jointly controlled entity is listed in note 60.

### 19. OTHER INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Classified as available-for-sale financial assets</u>				
Shares quoted in Malaysia at market value	422,170	466,651	395,432	451,060
Shares quoted outside Malaysia at market value	485,614	405,676	322,606	248,576
Unquoted shares at cost	427	427	266	266
	<u>908,211</u>	<u>872,754</u>	<u>718,304</u>	<u>699,902</u>
<u>Classified as financial assets at fair value through profit or loss</u>				
Shares quoted outside Malaysia at market value	27,915	13,686	-	-
	<u>936,126</u>	<u>886,440</u>	<u>718,304</u>	<u>699,902</u>

### 20. DEFERRED TAX ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	5,479	3,315	-	-
Exchange translation differences	(194)	50	-	-
(Reversal)/Originating during the year	(919)	2,114	-	-
At 31 December	<u>4,366</u>	<u>5,479</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. DEFERRED TAX ASSETS (continued)

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax effects of				
- Unabsorbed tax losses	4,507	5,621	-	-
- Unabsorbed capital allowances	32	32	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	(173)	(174)	-	-
	<b>4,366</b>	<b>5,479</b>	-	-

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unabsorbed tax losses	20,608	29,809	13,898	19,667
Unabsorbed capital allowances	3,453	8,780	1,910	7,649
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(84)	(498)	-	-
	<b>23,977</b>	<b>38,091</b>	<b>15,808</b>	<b>27,316</b>

### 21. AMOUNTS DUE FROM/TO SUBSIDIARIES

#### Amounts due from subsidiaries included under non-current assets

The amounts due from subsidiaries included under non-current assets represent unsecured advances not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	2010 RM'000	2009 RM'000
Bearing interest at 3.12% (2009: 2.59%) per annum (p.a)	<b>53,100</b>	<b>59,583</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. AMOUNTS DUE FROM/TO SUBSIDIARIES (continued)

#### Amounts due from subsidiaries included under current assets

The amounts due from subsidiaries included under current assets represent unsecured advances which are repayable on demand except for a dividend receivable.

	Company	
	2010 RM'000	2009 RM'000
Bearing interest at 3.12% (2009: 2.59%) p.a	27,982	31,144
Interest-free	188	284
Dividend receivable	-	80,000
	<b>28,170</b>	<b>111,428</b>

#### Amounts due to subsidiaries included under current liabilities

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

### 22. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
Raw materials	218,366	266,946
Work-in-progress	4,684	8,238
Finished goods	65,425	70,470
Completed development properties	13,799	18,202
Sundry stores and consumables	14,464	13,979
	<b>316,738</b>	<b>377,835</b>

### 23. PROPERTY DEVELOPMENT COSTS

	Group	
	2010 RM'000	2009 RM'000
Freehold land		
- at cost	3,927	3,927
- at valuation	748	748
Development and construction costs	26,118	33,622
<b>At 1 January</b>	<b>30,793</b>	<b>38,297</b>
Development costs incurred during the year	4,592	7,223
Transferred to inventories	-	(14,727)
<b>At 31 December</b>	<b>35,385</b>	<b>30,793</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2010 RM'000	2009 RM'000
Aggregate contract expenditure incurred to-date	405,547	362,050
Attributable profit recognised to-date	31,766	23,967
	<u>437,313</u>	<u>386,017</u>
Progress billings to-date	(413,119)	(387,476)
	<u>24,194</u>	<u>(1,459)</u>
Gross amount due from customers	31,956	15,564
Gross amount due to customers	(7,762)	(17,023)
	<u>24,194</u>	<u>(1,459)</u>
Progress billings comprise:		
Progress billings		
- received	406,430	374,467
- receivable	3,707	7,450
Retention sums	2,982	5,559
	<u>413,119</u>	<u>387,476</u>

### 25. TRADE RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Related parties other than associates	353	465	-	-
Others	275,792	254,697	55	-
	<u>276,145</u>	<u>255,162</u>	<u>55</u>	<u>-</u>
Allowance for doubtful debts	(12,178)	(12,674)	-	-
	<u>263,967</u>	<u>242,488</u>	<u>55</u>	<u>-</u>

The currency exposure profile of trade receivables is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	238,698	218,819	55	-
- United States Dollar ("USD")	4,327	4,663	-	-
- Singapore Dollar ("SGD")	703	2,893	-	-
- Euro ("EUR")	122	359	-	-
- Brunei Dollar ("BND")	75	71	-	-
- Indonesian Rupiah ("IDR")	2,054	1,009	-	-
- Hong Kong Dollar ("HKD")	117	64	-	-
- Sterling Pound ("GBP")	-	101	-	-
- Vietnamese Dong ("VND")	17,871	14,509	-	-
	<u>263,967</u>	<u>242,488</u>	<u>55</u>	<u>-</u>

Credit terms granted to customers normally range from 14 to 90 days. For major established customers, the credit terms may be extended to 120 days based on the discretion of management.

## NOTES TO THE FINANCIAL STATEMENTS

### 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade balances	1,233	10,972	-	9,516
Advances				
- bearing interest at 1.02% (2009: 0.55%) p.a	11,717	12,959	-	-
- bearing interest at 0.85% (2009: 0.73%) p.a	1,375	1,516	-	-
- bearing interest at 4.12% (2009: 3.59%) p.a	3,655	3,509	3,655	3,509
- interest-free	5,617	11,473	2	-
	<b>23,597</b>	<b>40,429</b>	<b>3,657</b>	<b>13,025</b>
Allowance for doubtful debts	(189)	(826)	-	-
	<b>23,408</b>	<b>39,603</b>	<b>3,657</b>	<b>13,025</b>

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

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	5,668	25,128	3,657	13,025
- USD	6,023	1,516	-	-
- HKD	11,717	12,959	-	-
	<b>23,408</b>	<b>39,603</b>	<b>3,657</b>	<b>13,025</b>

#### Amounts due to associates included under current liabilities

The amounts due to associates included under current liabilities are unsecured and are analysed as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade balances	38	21	-	-
Interest-free advances	-	6	-	7
	<b>38</b>	<b>27</b>	<b>-</b>	<b>7</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 27. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group	
	2010 RM'000	2009 RM'000
Assets designated at fair value through profit or loss		
- Forward foreign currency contracts	271	193
Liabilities designated at fair value through profit or loss		
- Forward foreign currency contracts	(467)	(212)

### 28. DEPOSITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks				
- in Malaysia	798,882	476,070	341,663	290,835
- outside Malaysia	64,980	65,164	-	-
	863,862	541,234	341,663	290,835

The currency exposure profile of deposits is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	798,882	471,819	341,663	290,835
- Australian Dollar ("AUD")	258	246	-	-
- USD	12,191	17,820	-	-
- SGD	236	241	-	-
- EUR	6,549	6,017	-	-
- IDR	-	9,514	-	-
- HKD	17,054	18,103	-	-
- Chinese Yuan Renminbi ("CNY")	496	522	-	-
- VND	28,196	16,952	-	-
	863,862	541,234	341,663	290,835

Included in the Group's deposits with licensed banks is an amount of RM nil (2009: RM0.049 million) which was pledged to a bank as security for banking facilities granted to subsidiaries.

The effective interest rates range from 0.001% to 3.10% (2009: 0.08% to 3.70%) p.a. All the deposits have maturities of less than one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 29. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM3.114 million (2009: RM7.138 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 1.75% (2009: 1.0%) p.a.

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	26,713	37,173	1,351	2,479
- AUD	1	1	-	-
- USD	6,688	4,042	-	-
- SGD	720	597	45	47
- EUR	804	11	-	-
- IDR	21,880	310	-	-
- HKD	759	904	-	-
- VND	1,561	3,585	-	-
- CNY	693	1,145	-	-
- Thai Baht ("THB")	1	1	-	-
	<b>59,820</b>	<b>47,769</b>	<b>1,396</b>	<b>2,526</b>

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

The disposals of property, plant and equipment amounting to RM1.860 million and investment property amounting to RM14.111 million classified as held for sale in 2009 were completed in 2010.

Investment property amounting to RM9.009 million classified as held for sale was in relation to a subsidiary which entered into a sale and purchase agreement to dispose of its investment property. Subsequent to the subsidiary entering into the sale and purchase agreement, the existing tenant of the investment property filed a Writ of Summons and Statement of Claim in the High Court against the subsidiary and the purchaser of the investment property. An injunction was later granted by the High Court to preserve the status quo of the case.

The High Court dismissed the existing tenant's suit and also discharged the injunction against the subsidiary on 20 July 2010. Thereafter, the existing tenant made an oral application before the High Court and a formal application before the Court of Appeal for an Erinford injunction against the subsidiary. The High Court and the Court of Appeal dismissed the respective applications. The tenant filed an application for enlargement of time to file its appeal against the High Court's decision on 20 July 2010. The Court of Appeal has not yet fixed a date for the hearing of the application. Based on solicitors' advice, there are no legal impediments to prevent the subsidiary from completing the sale of the investment property.

Investment property amounting to RM0.712 million classified as held for sale was in relation to the disposal of the Company's property for a consideration of RM1.032 million. The disposal of investment property has not been completed as at 31 December 2010.

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

The assets classified as held for sale are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets classified as held for sale:				
Property, plant and equipment				
At cost	-	2,282	-	-
Accumulated depreciation	-	(422)	-	-
Net book value	-	1,860	-	-
Investment properties				
At cost	14,559	30,387	712	14,414
Accumulated depreciation	(4,838)	(7,267)	-	(2,667)
Net book value	9,721	23,120	712	11,747
Total non-current assets classified as held for sale	9,721	24,980	712	11,747

### 31. SHARE CAPITAL

	<-----2010----->		<-----2009----->	
	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Authorised:</b>				
Ordinary shares of RM1 each	2,000,000	2,000,000	2,000,000	2,000,000
<b>Issued and fully paid:</b>				
Ordinary shares of RM1 each	1,185,500	1,185,500	1,185,500	1,185,500

### 32. OTHER NON-DISTRIBUTABLE RESERVES

	Group	
	2010 RM'000	2009 RM'000
Revaluation reserve	61,398	60,230
Exchange translation reserve	(950,954)	20,818
Fair value reserve	518,837	484,454
Hedge reserve	(31,191)	96,648
Capital reserve	305,313	294,561
	(96,597)	956,711

## NOTES TO THE FINANCIAL STATEMENTS

### 32. OTHER NON-DISTRIBUTABLE RESERVES (continued)

Details of the capital reserve are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Share of capital reserves of associates	279,893	269,141
Share premium of subsidiaries arising from shares issued to minority shareholders	23,651	23,651
Transferred from retained earnings arising from bonus issue by subsidiaries	1,769	1,769
	<b>305,313</b>	<b>294,561</b>

### 33. LONG TERM BANK BORROWINGS

	Group	
	2010	2009
	RM'000	RM'000
<i>Secured:</i>		
USD-denominated loan bearing interest at 1.25% p.a above SIBOR (effective interest rate: 3.50% (2009: 5.00%) p.a) repayable by 20 quarterly instalments commencing 3 months after the commencement of production ( <i>see note 10</i> )	40,544	53,141
<i>Unsecured:</i>		
CNY-denominated loan bearing interest at 5.94% (2009: 5.94%) p.a, repayable in full by July 2014	10,492	14,119
Bank term loan bearing interest at 0.75% p.a above cost of funds (effective interest rate: nil (2009: 2.93%) p.a) repayable by 14 quarterly instalments commencing on the 21st month following the date of the first drawdown	-	4,468
Bank term loan bearing interest at 0.75% p.a above cost of funds (effective interest rate: nil (2009: 2.90%) p.a) repayable by 16 quarterly instalments commencing on the 15th month following the date of the first drawdown	-	26,742
	<b>51,036</b>	<b>98,470</b>
Repayments due within the next 12 months included under short term borrowings ( <i>see note 38</i> )	(11,907)	(15,708)
Repayments due after 12 months	<b>39,129</b>	<b>82,762</b>
The bank term loans are repayable as follows:		
- within one year ( <i>included under current liabilities</i> )	11,907	15,708
- later than one year but not later than five years	39,129	82,762
	<b>51,036</b>	<b>98,470</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. HIRE PURCHASE LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Outstanding hire purchase instalments due:		
- within one year	12	86
- later than one year but not later than five years	42	55
	54	141
Unexpired term charges	(5)	(9)
Outstanding principal amount due	49	132
Outstanding principal amount due as follows:		
- within one year <i>(included under current liabilities)</i>	11	81
- later than one year but not later than five years	38	51
	49	132

The effective interest rate of the hire purchase liabilities is 6.17% (2009: between 6.08% and 8.46%) p.a.

### 35. DEFERRED TAX LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>At 1 January</b>	71,552	74,312	6,493	6,208
Fair value adjustments for additional shares in an existing subsidiary	543	-	-	-
Transfer to liabilities directly associated with disposal group classified as held for sale	-	(12,243)	-	-
Reduction through subsidiary disposed of	(331)	-	-	-
Recognised in income statement	(2,127)	9,483	(6,359)	285
<b>At 31 December</b>	69,637	71,552	134	6,493

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment, biological assets and other intangible assets	53,640	51,871	134	443
- Surplus on revaluation of land and buildings	17,933	20,032	-	2,612
- Unabsorbed capital and agriculture allowances	(140)	(2,934)	-	-
- Unabsorbed tax losses	(662)	(683)	-	-
- Unharvested cane crop	-	3,438	-	3,438
- Other temporary differences	(1,134)	(172)	-	-
	69,637	71,552	134	6,493

## NOTES TO THE FINANCIAL STATEMENTS

### 36. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	107,353	91,861	-	967
- USD	9,673	49,436	-	-
- SGD	786	285	-	-
- EUR	-	22	-	-
- Swiss Franc ("CHF")	-	160	-	-
- IDR	13,504	3,269	-	-
- Japanese Yen ("JPY")	7	7	-	-
- VND	2,026	637	-	-
- HKD	1,495	-	-	-
- THB	25	-	-	-
	<b>134,869</b>	<b>145,677</b>	<b>-</b>	<b>967</b>

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

### 37. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unpaid property, plant and equipment and investment properties acquired	5,555	9,452	-	2
Interest accrued	942	295	-	-
Other payables	53,560	53,167	5,274	5,889
Deposits from sale of investments	-	64,624	-	64,624
Accruals	40,695	40,207	556	867
Tenants and other deposits	12,249	11,864	824	165
	<b>113,001</b>	<b>179,609</b>	<b>6,654</b>	<b>71,547</b>

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
- RM	83,247	147,693	6,654	71,547
- USD	4,102	23,152	-	-
- SGD	397	512	-	-
- EUR	-	8	-	-
- CHF	21	119	-	-
- IDR	21,432	4,828	-	-
- HKD	1,018	1,243	-	-
- JPY	-	90	-	-
- VND	2,469	1,693	-	-
- CNY	315	271	-	-
	<b>113,001</b>	<b>179,609</b>	<b>6,654</b>	<b>71,547</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 38. SHORT TERM BORROWINGS

	Group	
	2010	2009
	RM'000	RM'000
Trust receipt	47,073	554
Revolving credits	800	401
Bank term loans	15,091	19,554
Current portion of long term bank loans ( <i>see note 33</i> )	11,907	15,708
	74,871	36,217

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

	Group	
	2010	2009
	RM'000	RM'000
- RM	1,479	3,882
- USD	70,764	28,953
- CNY	2,628	2,828
- SGD	-	554
	74,871	36,217

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	
	2010	2009
	% p.a	% p.a
Trust receipt	2.10 - 3.05	6.55
Revolving credits	4.12 - 4.25	2.65 - 5.00
Bank term loans	2.30 - 2.50	5.00

### 39. BANK OVERDRAFTS

	Group	
	2010	2009
	RM'000	RM'000
Unsecured bank overdrafts	211	1,356

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable are between 6.30% and 7.80% (2009: between 5.55% and 7.50%) p.a.

### 40. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2010	2009
	RM'000	RM'000
<b>Effect of dilution of equity interest in an associate</b>		
- Exchange translation reserve	(421)	-
- Retained earnings	3,160	542
	2,739	542

## NOTES TO THE FINANCIAL STATEMENTS

### 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 certain amount from the net profit must be allocated to the reserve fund.

### 42. DIVIDENDS

	2010 RM'000	2009 RM'000
<i>In respect of the year ended 31 December 2008</i>		
Final single tier dividend of 18 sen per share	-	213,390
<i>In respect of the year ended 31 December 2009</i>		
Interim single tier dividend of 5 sen per share	-	59,275
Special single tier dividend of 50 sen per share	592,750	-
Final single tier dividend of 18 sen per share	213,390	-
	<b>806,140</b>	<b>59,275</b>
<i>In respect of the year ended 31 December 2010</i>		
Interim single tier dividend of 5 sen per share	59,275	-
Special single tier dividend of 65 sen per share	770,575	-
	<b>829,850</b>	<b>-</b>
	<b><u>1,635,990</u></b>	<b><u>272,665</u></b>

Subsequent to the financial year end, the Directors recommended the payment of a final single tier dividend of 18 sen per share amounting to RM213.390 million subject to shareholders' approval at the forthcoming Annual General Meeting.

### 43. ACQUISITION OF SHARES IN SUBSIDIARIES

(a) The subsidiaries acquired during the year were Federal Flour Mills Holdings Sdn Bhd and The Italian Baker Sdn Bhd.

The subsidiary acquired in 2009 was Resolute Services Sdn Bhd.

Name of subsidiaries	Cash consideration RM'000	Group effective interest %	Effective acquisition date
Federal Flour Mills Holdings Sdn Bhd <i>(Formerly known as Forward Prestige Sdn Bhd)</i>	2	100	9 September 2010
The Italian Baker Sdn Bhd	#	100	3 December 2010

## NOTES TO THE FINANCIAL STATEMENTS

### 43. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

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

	Carrying/Fair value	
	Group	
	2010 RM'000	2009 RM'000
Property, plant and equipment	-	-
Trade and other receivables	-	-
Cash and bank balances	*	2
Trade and other payables	-	-
Net assets acquired	*	2
Goodwill on acquisition (see note 14)	2	-
Total purchase consideration	2	2
Less: cash and cash equivalents acquired	-	(2)
Net cash outflow on acquisition	2	-

# Represents RM2

\* Represents RM4

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

	Group	
	2010 RM'000	2009 RM'000
	<b>Revenue</b>	
During the financial year	-	-
Pre-acquisition	-	-
Post-acquisition	-	-
<b>Loss for the year</b>		
During the financial year	(3)	(2)
Pre-acquisition	-	-
Post-acquisition	(3)	(2)

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

	Group	
	2010 RM'000	2009 RM'000
	Non-current assets	-
Current assets	*	2
Non-current liabilities	-	-
Current liabilities	(3)	(2)
Group's share of net assets	(3)	-

\* Represents RM4

## NOTES TO THE FINANCIAL STATEMENTS

### 43. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

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

Name of subsidiary	Cash consideration RM'000	Additional interest acquired %	Effective acquisition date
Golden Screen Cinemas Sdn Bhd	3,712	1.0	16 December 2010

The additional shares in an existing subsidiary acquired in 2009 were in respect of Malayan Adhesives & Chemicals Sdn Bhd.

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

	Group	
	2010 RM'000	2009 RM'000
Minority interests acquired	1,541	176
Goodwill on acquisition (see note 14)	2,171	-
Discount on acquisition	-	(48)
Net cash outflow on acquisition	<u>3,712</u>	<u>128</u>

(c) The additional shares in an existing associate acquired in 2009 were in respect of Cipta Quantum Sdn Bhd.

Prior to the acquisition, Chemquest Sdn Bhd, a 55% subsidiary, owned 30% equity interest in Cipta Quantum Sdn Bhd. Subsequent to the acquisition, Cipta Quantum Sdn Bhd became a wholly-owned subsidiary of Chemquest Sdn Bhd.

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

	Group	
	2010 RM'000	2009 RM'000
Current assets	-	351
Current liabilities	-	(313)
Discount on acquisition	-	(25)
Net assets previously held as investment in associate	-	(13)
Purchase consideration	-	<sup>^</sup>
Less : cash and cash equivalent	-	(351)
Net cash inflow on acquisition	<u>-</u>	<u>(351)</u>

<sup>^</sup> Represents RM1

## NOTES TO THE FINANCIAL STATEMENTS

### 44. DISPOSAL OF SHARES IN SUBSIDIARIES

The subsidiary disposed of during the year was Minsec Engineering Services Sdn Bhd.

There was no subsidiary disposed of in 2009.

An analysis of the disposal is as follows:

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	11,076	-
Current assets	32,656	-
Non-current liabilities	(331)	-
Current liabilities	(19,343)	-
Net assets disposed of	24,058	-
Profit on disposal of subsidiary	10,675	-
Total sale consideration	34,733	-
Less: cash and cash equivalents disposed of	(9,170)	-
Net cash inflow during the year	25,563	-

The effects of the disposals on the consolidated financial results for the financial year and the consolidated financial position were as follows:

	Group	
	2010 RM'000	2009 RM'000
<i>Income statement</i>		
Revenue	41,739	-
Cost of sales	(28,299)	-
Gross profit	13,440	-
Other operating income	713	-
Administrative and general expenses	(6,015)	-
Profit before tax	8,138	-
Income tax expense	(2,054)	-
Profit after tax	6,084	-
Minority interest	(2,738)	-
Decrease in Group's net profit	3,346	-
<i>Statement of financial position</i>		
Non-current assets	11,076	-
Current assets	32,656	-
Non-current liabilities	(331)	-
Current liabilities	(19,343)	-
Group's share of net assets	24,058	-

## NOTES TO THE FINANCIAL STATEMENTS

### 45. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment ( <i>see note 10</i> )	122,962	166,670	1,525	896
Interest expense capitalised	(1,014)	(4,214)	-	-
Deposits paid in prior year	(699)	(206)	-	-
Deposits paid in current year	921	699	-	-
Cash paid in respect of prior year acquisition	9,452	14,689	2	7
Unpaid balances included under other payables	(5,401)	(9,452)	-	(2)
Unpaid balances included under other payables of disposal group classified as held for sale	-	(9,534)	-	-
Cash paid during the financial year	<b>126,221</b>	<b>158,652</b>	<b>1,527</b>	<b>901</b>

### 46. LIQUIDATION OF SUBSIDIARIES

The subsidiaries liquidated during the year were Chemquest Trading (M) Sdn Bhd and Asia Pacific Micropheres Sdn Bhd.

There was no subsidiary liquidated in 2009.

An analysis of the liquidation is as follows:

	Group	
	2010 RM'000	2009 RM'000
Total surplus assets and capital receivable from subsidiaries liquidated during the year	8,735	-
Less:		
Cost of investment	(8,730)	-
Post-acquisition profit previously consolidated	(2,790)	-
Net gain from liquidation of a subsidiary over-recognised in prior year	(43)	-
Deficit arising from liquidation	<b>(2,828)</b>	-

### 47. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b><i>Transactions with ultimate holding company</i></b>				
Management fee paid	-	154	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 47. RELATED PARTY DISCLOSURES (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b><i>Transactions with subsidiaries</i></b>				
Interest received and receivable	-	-	2,869	3,450
Interest paid and payable	-	-	-	3,083
Rental income	-	-	-	532
Registration fee paid and payable	-	-	55	51
Management fee received	-	-	555	612
<b><i>Transactions with associates</i></b>				
Sales of goods	-	26,900	-	26,837
Interest received and receivable	241	241	147	133
Management fee received	980	885	-	6
Rental of premises received	307	307	-	-
Rental of premises paid	120	120	-	-
Lease rental paid	67	67	-	-
Film rental received	990	1,164	-	-
Screen advertising and filmlets paid	310	480	-	-
Information technology services and sales of related products	168	82	-	-
<b><i>Transactions with subsidiaries of ultimate holding company</i></b>				
Sales of goods	4,361	63,035	-	-
<b><i>Transactions with subsidiaries of associates</i></b>				
Purchase of goods	136,607	137,883	-	-
Management fee received	157	169	-	-
Rental received	2,938	2,781	-	-
Elevation and other services received	342	296	-	-
Security and other services paid and payable	301	635	-	-
Engineering services rendered	-	1,944	-	-
<b><i>Transactions with associates of ultimate holding company</i></b>				
Insurance premium paid	6,182	8,001	201	348
Rental of premises paid	704	1,045	435	435
Project management fees received	96	96	-	-
<b><i>Transactions with an associate of a company which is under common influence with the ultimate holding company</i></b>				
Sales of goods	-	5,791	-	-
Purchase of goods	-	37,725	-	-
Provision of project management services	174	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 47. RELATED PARTY DISCLOSURES (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Transactions with an indirect subsidiary of a company which is under common influence with the ultimate holding company</i>				
Purchase of goods	-	94,237	-	-
Supply of equipment and provision of engineering services	6,789	13,174	-	-
<i>Transactions with companies in which directors of subsidiaries have financial interests</i>				
Purchase of goods	-	120	-	-
<i>Transactions with minority shareholders of subsidiaries</i>				
Support fee paid	-	106	-	-

Significant outstanding balances with related parties were as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amounts owing by:				
- Associates	1,233	10,972	-	9,516
- Other related parties	353	3,835	-	-
Amounts owing to associates				
	38	21	-	-

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Directors</i>				
Short term employee benefits	7,131	9,088	6,418	6,152
Post-employment benefits - EPF	958	1,181	870	836
Sub-total	8,089	10,269	7,288	6,988
<i>Other key management personnel</i>				
Short term employee benefits	16,469	21,767	1,186	1,129
Post-employment benefits - EPF	1,360	2,435	184	183
Sub-total	17,829	24,202	1,370	1,312
Total compensation	25,918	34,471	8,658	8,300

## NOTES TO THE FINANCIAL STATEMENTS

### 48. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Employee benefits expense				
- Continuing operations	153,713	142,710	16,939	12,014
- Discontinued operations	285	37,261	285	6,594
	<b>153,998</b>	<b>179,971</b>	<b>17,224</b>	<b>18,608</b>
 EPF				
- Continuing operations	13,506	13,148	1,639	1,507
- Discontinued operations	44	3,359	44	700
	<b>13,550</b>	<b>16,507</b>	<b>1,683</b>	<b>2,207</b>

### 49. CONTINGENT LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unsecured guarantees issued in consideration of credit facilities given to an associate	2,550	2,550	2,550	2,550

### 50. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	42,466	109,168	-	-
- not contracted	76,386	45,456	-	235
	<b>118,852</b>	<b>154,624</b>	<b>-</b>	<b>235</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 51. 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	
	2010 RM'000	2009 RM'000
- within one year	21,254	18,879
- later than one year but not later than five years	21,158	13,413
- later than five years	39	-
	<u>42,451</u>	<u>32,292</u>

#### *The Group as lessor*

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

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

	Group	
	2010 RM'000	2009 RM'000
- within one year	3,330	3,696
- later than one year but not later than five years	2,632	2,473
	<u>5,962</u>	<u>6,169</u>

### 52. SEGMENTAL REPORTING

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

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2009: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

- |   |   |  |
|---|---|--|
| (i) Grains trading, flour and feed milling  | - | Wheat and maize trading, flour milling and manufacturing of animal feed  |
| (ii) Marketing, distribution and manufacturing of consumer products                     | - | Marketing and distribution of edible oils and consumer products; manufacturing of toilet requisites and household products |
| (iii) Film exhibition and distribution  | - | Exhibition and distribution of cinematograph films   |
| (iv) Environmental engineering, waste management and utilities                          | - | Construction works specialising in water and environmental industry and provision of waste management services             |
| (v) Chemicals trading and manufacturing   | - | Trading and manufacturing of chemical products   |
| (vi) Property investment and development  | - | Letting of commercial properties and development of residential and commercial properties                                  |
| (vii) Livestock farming   | - | Production of day-old chicks, eggs and other related downstream activities   |
| (viii) Investments in equities  | - | Investments in quoted and unquoted shares  |
| (ix) Other operations   | - | Packaging, oil palm plantations, investment holding, engineering contracts, shipping and others                            |
| (x) Sugar refining, trading and cane plantation<br><i>(Disposed of in January 2010)</i> | - | Sugar cane cultivation, refining of sugar and trading  |

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

## NOTES TO THE FINANCIAL STATEMENTS

### 52. SEGMENTAL REPORTING (continued)

2010	-----Continuing operations-----				
	Grains trading, flour & feed milling RM'000	Marketing, distribution & manufacturing of consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering, waste management & utilities RM'000	Chemicals trading & manufacturing RM'000
<b>REVENUE</b>					
External sales	1,177,189	369,484	252,554	108,649	91,100
Inter-segment sales	83,530	-	-	90	25,912
Total revenue	<u>1,260,719</u>	<u>369,484</u>	<u>252,554</u>	<u>108,739</u>	<u>117,012</u>
<b>RESULTS</b>					
Segment results	154,910	16,044	43,967	5,480	1,496
Share of associates' profits	14,852	-	1,334	2,806	-
Share of joint venture's profit	-	-	-	1,189	-
Interest income					
Finance costs					
Unallocated corporate expense					
Profit before tax					
Income tax expense					
Profit for the year					
<b>OTHER INFORMATION</b>					
Segment assets	877,299	166,466	228,137	69,024	46,642
Investments in associates	69,820	-	4,174	32,564	-
Investment in joint venture	-	-	-	25,914	-
Bank deposits					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	73,508	28,654	57,560	45,164	13,649
Borrowings					
Tax liabilities					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	55,374	2,037	13,247	2,001	1,621
Unallocated corporate capital expenditure					
Amortisation and depreciation	28,400	2,933	27,599	1,709	1,954
Unallocated corporate amortisation and depreciation					
Non-cash items other than amortisation and depreciation	1,216	324	10	860	15
Unallocated corporate non-cash items other than amortisation and depreciation					

## NOTES TO THE FINANCIAL STATEMENTS

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Property investment & development RM'000	Livestock farming RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
40,467	75,192	42,549	116,852	-	2,274,036
1,467	19,970	-	19,064	(150,033)	-
<u>41,934</u>	<u>95,162</u>	<u>42,549</u>	<u>135,916</u>	<u>(150,033)</u>	<u>2,274,036</u>
38,053	7,995	58,961	34,753	(6,725)	354,934
1,743	-	-	751,318	-	772,053
-	-	-	-	-	1,189
					33,771
					(4,759)
					(34,158)
					<u>1,123,030</u>
					(61,001)
					<u>1,062,029</u>
263,613	111,728	936,126	304,734	(42)	3,003,727
116,681	-	-	9,777,033	-	10,000,272
-	-	-	-	-	25,914
					863,862
					14,732
					5,583
					<u>13,914,090</u>
12,496	3,407	-	16,827	(1,386)	249,879
					114,260
					84,183
					6,258
					<u>454,580</u>
5,628	10,500	-	37,139	-	127,547
					1,520
					<u>129,067</u>
4,773	5,052	-	5,815	-	78,235
					233
					<u>78,468</u>
(22,210)	(62)	(16,283)	(2,257)	-	(38,387)
					(219)
					<u>(38,606)</u>

Continued from Previous Page

## NOTES TO THE FINANCIAL STATEMENTS

### 52. SEGMENTAL REPORTING (continued)

	-----Continuing operations-----				
2009	Grains trading, flour & feed milling RM'000	Marketing, distribution & manufacturing of consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering, waste management & utilities RM'000	Chemicals trading & manufacturing RM'000
<b>REVENUE</b>					
External sales	1,065,930	339,926	205,692	103,391	70,577
Inter-segment sales	86,445	-	-	765	582
Total revenue	<u>1,152,375</u>	<u>339,926</u>	<u>205,692</u>	<u>104,156</u>	<u>71,159</u>
<b>RESULTS</b>					
Segment results	93,210	13,407	28,505	4,393	3,041
Share of associates' profits	870	-	1,216	4,961	-
Share of joint venture's profit	-	-	-	1,144	-
Interest income					
Finance costs					
Unallocated corporate expense					
Profit before tax					
Income tax expense					
Profit for the year					
<b>OTHER INFORMATION</b>					
Segment assets	975,766	106,762	205,130	48,689	44,862
Investments in associates	59,665	-	5,653	30,853	-
Investment in joint venture	-	-	-	29,518	-
Bank deposits					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	103,954	20,089	52,713	32,055	10,614
Borrowings					
Tax liabilities					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	77,900	1,036	21,977	441	837
Unallocated corporate capital expenditure					
Amortisation and depreciation	22,146	1,320	26,954	1,832	1,816
Unallocated corporate amortisation and depreciation					
Non-cash items other than amortisation and depreciation	(13,851)	60	8	63	-
Impairment losses	-	-	-	-	642
Unallocated corporate non-cash items other than amortisation and depreciation					

## NOTES TO THE FINANCIAL STATEMENTS

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Property investment & development RM'000	Livestock farming RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
39,403	72,795	48,340	107,715	-	2,053,769
1,371	17,868	-	41,186	(148,217)	-
<u>40,774</u>	<u>90,663</u>	<u>48,340</u>	<u>148,901</u>	<u>(148,217)</u>	<u>2,053,769</u>
16,114	3,503	59,116	8,507	616	230,412
21,239	-	-	1,211,317	-	1,239,603
-	-	-	-	-	1,144
					6,999
					(6,550)
					<u>(16,218)</u>
					1,455,390
					<u>(46,182)</u>
					<u>1,409,208</u>
294,133	104,628	886,440	276,561	(3,292)	2,939,679
129,837	-	-	10,402,422	-	10,628,430
-	-	-	-	-	29,518
					541,234
					23,389
					4,267
					<u>14,166,517</u>
15,750	2,129	-	35,352	(643)	272,013
					120,472
					78,337
					70,530
					<u>541,352</u>
4,253	484	-	3,113	-	110,041
					18
					<u>110,059</u>
4,557	5,251	-	6,821	-	70,697
					406
					<u>71,103</u>
(121)	(54)	(9,491)	(393)	-	(23,779)
297	-	-	269	-	1,208
					143
					<u>(22,428)</u>

Continued from Previous Page

## NOTES TO THE FINANCIAL STATEMENTS

### 52. SEGMENTAL REPORTING (continued)

	<-Discontinued operation->	
2010	Cane plantation RM'000	Total operations RM'000
<b>REVENUE</b>		
External sales	119	2,274,155
Inter-segment sales	-	-
Total revenue	<u>119</u>	<u>2,274,155</u>
<b>RESULTS</b>		
Segment results	(2,253)	352,681
Share of associates' profits	-	772,053
Share of joint venture's profit	-	1,189
Interest income	-	33,771
Finance costs	-	(4,759)
Unallocated corporate expense	-	(34,158)
Profit before tax	<u>(2,253)</u>	<u>1,120,777</u>
Income tax expense	-	(61,001)
Profit after tax	<u>(2,253)</u>	<u>1,059,776</u>
Profit from disposal of discontinued operations	840,994	840,994
Profit for the year	<u>838,741</u>	<u>1,900,770</u>
<b>OTHER INFORMATION</b>		
Segment assets	-	3,003,727
Investments in associates	-	10,000,272
Investment in joint venture	-	25,914
Other investing assets	-	863,862
Tax assets	-	14,732
Unallocated corporate assets	-	5,583
Consolidated total assets	<u>-</u>	<u>13,914,090</u>
Segment liabilities	-	249,879
Borrowings	-	114,260
Tax liabilities	-	84,183
Unallocated corporate liabilities	-	6,258
Consolidated total liabilities	<u>-</u>	<u>454,580</u>
Capital expenditure	-	127,547
Unallocated corporate capital expenditure	-	1,520
	<u>-</u>	<u>129,067</u>
Amortisation and depreciation	-	78,235
Unallocated corporate amortisation and depreciation	-	233
	<u>-</u>	<u>78,468</u>
Non-cash items other than amortisation and depreciation	-	(38,387)
Unallocated corporate non-cash items other than amortisation and depreciation	-	(219)
	<u>-</u>	<u>(38,606)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 52. SEGMENTAL REPORTING (continued)

2009	<-----Discontinued operations----->				Total operations RM'000
	Sugar refining, trading & cane plantation RM'000	Other operations RM'000	Elimination RM'000	Total RM'000	
<b>REVENUE</b>					
External sales	1,406,975	-	-	1,406,975	3,460,744
Inter-segment sales	-	-	-	-	-
Total revenue	<u>1,406,975</u>	<u>-</u>	<u>-</u>	<u>1,406,975</u>	<u>3,460,744</u>
<b>RESULTS</b>					
Segment results	282,842	232	804	283,878	514,290
Share of associates' profits	6,445	(14,126)	-	(7,681)	1,231,922
Share of joint venture's profit	-	-	-	-	1,144
Interest income				2,182	9,181
Finance costs				(1,292)	(7,842)
Unallocated corporate expense				-	(16,218)
Profit before tax				<u>277,087</u>	<u>1,732,477</u>
Income tax expense				(57,256)	(103,438)
Profit for the year				<u>219,831</u>	<u>1,629,039</u>
<b>OTHER INFORMATION</b>					
Segment assets	634,298	2,986	-	637,284	3,576,963
Investments in associates	27,306	100,152	-	127,458	10,755,888
Investment in joint venture	-	-	-	-	29,518
Bank deposits				135,701	676,935
Tax assets				-	23,389
Unallocated corporate assets				-	4,267
Consolidated total assets				<u>900,443</u>	<u>15,066,960</u>
Segment liabilities	98,900	195	(2,215)	96,880	368,893
Borrowings				126,000	246,472
Tax liabilities				43,307	121,644
Unallocated corporate liabilities				62	70,592
Consolidated total liabilities				<u>266,249</u>	<u>807,601</u>
Capital expenditure	60,553	930	-	61,483	171,524
Unallocated corporate capital expenditure				-	18
				<u>61,483</u>	<u>171,542</u>
Amortisation and depreciation	24,920	973	-	25,893	96,590
Unallocated corporate amortisation and depreciation				-	406
				<u>25,893</u>	<u>96,996</u>
Non-cash items other than amortisation and depreciation	(5,964)	-	-	(5,964)	(29,743)
Impairment losses	-	-	-	-	1,208
Unallocated corporate non-cash items other than amortisation and depreciation				-	143
				<u>(5,964)</u>	<u>(28,392)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 52. SEGMENTAL REPORTING (continued)

#### (b) By geographical segment

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

	<-----Revenue----->					
	Continuing operations		Discontinued operations		Total	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	1,866,968	1,843,164	119	1,304,083	1,867,087	3,147,247
Indonesia	27,984	40,244	-	5,782	27,984	46,026
Singapore	62,309	51,127	-	57,240	62,309	108,367
Other Asean countries	302,824	102,515	-	828	302,824	103,343
East Asia	1,407	5,727	-	5,706	1,407	11,433
Other Asian countries	150	226	-	16,329	150	16,555
European countries	1,374	1,747	-	-	1,374	1,747
America and Asia Pacific countries and others	11,020	9,019	-	17,007	11,020	26,026
	<b>2,274,036</b>	<b>2,053,769</b>	<b>119</b>	<b>1,406,975</b>	<b>2,274,155</b>	<b>3,460,744</b>

	<-----Carrying amount of non-current assets----->			
	2010	<-----2009----->		
	RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Malaysia	1,109,529	1,068,099	199,604	1,267,703
Indonesia	122,448	117,198	-	117,198
Singapore	76	118	-	118
Other Asean countries	28,117	35,436	-	35,436
East Asia	3	3	-	3
	<b>1,260,173</b>	<b>1,220,854</b>	<b>199,604</b>	<b>1,420,458</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 53. 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
<b>Financial assets</b>				
<b>Group</b>				
<b>2010</b>				
Other investments	-	908,211	27,915	936,126
Receivables	365,404	-	-	365,404
Derivative financial assets	-	-	271	271
Deposits, cash and bank balances	923,682	-	-	923,682
<b>Total financial assets</b>	<b>1,289,086</b>	<b>908,211</b>	<b>28,186</b>	<b>2,225,483</b>
<b>2009</b>				
Other investments	-	872,754	13,686	886,440
Receivables	328,183	-	-	328,183
Derivative financial assets	-	-	193	193
Deposits, cash and bank balances	589,003	-	-	589,003
<b>Total financial assets</b>	<b>917,186</b>	<b>872,754</b>	<b>13,879</b>	<b>1,803,819</b>
<b>Company</b>				
<b>2010</b>				
Other investments	-	718,304	-	718,304
Receivables	86,882	-	-	86,882
Deposits, cash and bank balances	343,059	-	-	343,059
<b>Total financial assets</b>	<b>429,941</b>	<b>718,304</b>	<b>-</b>	<b>1,148,245</b>
<b>2009</b>				
Other investments	-	699,902	-	699,902
Receivables	185,531	-	-	185,531
Deposits, cash and bank balances	293,361	-	-	293,361
<b>Total financial assets</b>	<b>478,892</b>	<b>699,902</b>	<b>-</b>	<b>1,178,794</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 53. FINANCIAL INSTRUMENTS (continued)

	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>Financial liabilities</b>			
<b>Group</b>			
<b>2010</b>			
Payables	255,670	-	255,670
Borrowings	114,260	-	114,260
Derivative financial liabilities	-	467	467
Total financial liabilities	<b>369,930</b>	<b>467</b>	<b>370,397</b>
<b>2009</b>			
Payables	342,336	-	342,336
Borrowings	120,467	-	120,467
Derivative financial liabilities	-	212	212
Total financial liabilities	<b>462,803</b>	<b>212</b>	<b>463,015</b>
<b>Company</b>			
<b>2010</b>			
Payables	<b>6,657</b>	-	<b>6,657</b>
<b>2009</b>			
Payables	<b>72,524</b>	-	<b>72,524</b>

#### (b) Fair value of financial instruments

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

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

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

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

#### Other investments

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

### 53. FINANCIAL INSTRUMENTS (continued)

#### Derivatives

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

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

#### Other non-derivative financial instruments

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

### 54. 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 foreign currency forward contracts and commodities futures to hedge its exposure to financial risks. The Group does not trade in derivative instruments.

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

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

#### (a) Foreign currency exchange risk

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

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

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 December 2010. If the USD were to strengthen or weaken by 5% against RM with all other variables held constant, the Group profit after tax would increase or decrease by RM2.608 million (2009: 3.601 million).

## NOTES TO THE FINANCIAL STATEMENTS

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

As other foreign currency denominated monetary items as at 31 December 2010 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 RM487 million (2009: RM516 million).

#### (b) Interest rate risk

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

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

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2010. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group profit after tax would decrease or increase by RM0.428 million (2009: RM0.452 million), as a result of lower or higher interest expense on these borrowings.

#### (c) Price risk

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

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

A sensitivity analysis has been performed based on the quoted market prices of the Group's equity investments in quoted shares as at 31 December 2010. If the quoted market prices were to increase or decrease by 5% with all other variables held constant, the Group's and the Company's profit after tax and equity would increase or decrease by the amounts as shown below:

	Group		Company	
	Profit after tax RM'000	Equity RM'000	Profit after tax RM'000	Equity RM'000
<b>2010</b>				
Other investments	1,396	45,386	-	35,970
<b>2009</b>				
Other investments	684	43,616	-	35,034

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (d) Credit risk

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

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

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

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

At the end of the reporting period, the Group and the Company did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

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

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
<b>2010</b>				
Not past due	171,092	-	55	-
Less than 30 days past due	48,133	-	-	-
Between 30 and 90 days past due	28,767	-	-	-
More than 90 days past due	29,386	(12,178)	-	-
	<b>277,378</b>	<b>(12,178)</b>	<b>55</b>	<b>-</b>
<u>Included under receivables</u>				
Trade receivables (note 25)	276,145	(12,178)	55	-
Amount due from associates (note 26)	1,233	-	-	-
	<b>277,378</b>	<b>(12,178)</b>	<b>55</b>	<b>-</b>
<b>2009</b>				
Not past due	166,548	-	9,516	-
Less than 30 days past due	41,527	-	-	-
Between 30 and 90 days past due	25,386	-	-	-
More than 90 days past due	32,673	(12,674)	-	-
	<b>266,134</b>	<b>(12,674)</b>	<b>9,516</b>	<b>-</b>
<u>Included under receivables</u>				
Trade receivables (note 25)	255,162	(12,674)	-	-
Amount due from associates (note 26)	10,972	-	9,516	-
	<b>266,134</b>	<b>(12,674)</b>	<b>9,516</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group	
	2010 RM'000	2009 RM'000
At 1 January	12,674	14,034
Doubtful debts recognised	2,972	716
Doubtful debts written off	(2,470)	(586)
Doubtful debts written back	(998)	(1,490)
At 31 December	<u>12,178</u>	<u>12,674</u>

#### (e) Liquidity risk

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

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

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (ie. 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 and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	Less than	1 to 5	Total
	1 year	years	
	RM'000	RM'000	RM'000
<b>2010</b>			
Payables	255,670	-	255,670
Borrowings	78,548	43,076	121,624
Derivative financial liabilities	467	-	467
	<u>334,685</u>	<u>43,076</u>	<u>377,761</u>
<b>2009</b>			
Payables	342,336	-	342,336
Borrowings	43,186	91,986	135,172
Derivative financial liabilities	212	-	212
	<u>385,734</u>	<u>91,986</u>	<u>477,720</u>

## NOTES TO THE FINANCIAL STATEMENTS

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

Company	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>2010</b>			
Payables	<u>6,657</u>	-	<u>6,657</u>
<b>2009</b>			
Payables	<u>72,524</u>	-	<u>72,524</u>

### 55. 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 shareholders of the Company (ie. 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 its 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 2010 and 31 December 2009.

Total borrowings to capital ratio was as follow:

	Group	
	2010 RM'000	2009 RM'000
Share capital	1,185,500	1,185,500
Reserves	12,088,726	12,901,042
Total capital	<u>13,274,226</u>	<u>14,086,542</u>
Short term borrowings	75,082	37,573
Long term borrowings	39,129	82,762
Hire purchase liabilities	49	132
Total borrowings	<u>114,260</u>	<u>120,467</u>
Total borrowings to capital ratio (times)	<u>0.01</u>	<u>0.01</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 56. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF REVISED FRSs

- (a) The following comparative figures have been restated to conform with the adoption of the *Amendment to FRS 117* and *Amendment to FRS 140* during the financial year.

	Group		Company	
	Restated RM'000	As previously stated RM'000	Restated RM'000	As previously stated RM'000
<u>Continuing operations</u>				
Income statements				
Depreciation				
- property, plant and equipment	54,975	53,865	74	74
- investment properties	5,084	4,164	183	28
Amortisation of prepaid lease payments	-	2,030	-	155
Statements of financial position				
Property, plant and equipment	922,405	860,666	712	712
Investment properties	209,879	167,923	64,218	62,343
Prepaid lease payments	-	103,695	-	1,875
<u>Discontinued operations</u>				
Income statements				
Depreciation of property, plant and equipment	25,893	25,568	953	698
Amortisation of prepaid lease payments	-	325	-	255

- (b) The following statements of financial position for the Group and the Company as at 1 January 2009 have been presented to conform with the presentation and the adoption of the revised *FRS 101* during the financial year.

	Group RM'000 (Restated)	Company RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,019,386	4,417
Investment properties	239,312	28,819
Biological assets	2,943	-
Land held for property development	6,459	-
Goodwill	73,086	-
Other intangible assets	2,519	-
Investments in subsidiaries	-	1,350,350
Investments in associates	9,699,666	3,898,904
Investment in jointly controlled entity	45,849	-
Other investments	398,111	253,802
Deferred tax assets	3,315	-
Amounts due from subsidiaries	-	122,628
<b>Total non-current assets</b>	<b>11,490,646</b>	<b>5,658,920</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 56. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF REVISED FRSS (continued)

	Group RM'000 (Restated)	Company RM'000 (Restated)
<b>Current assets</b>		
Inventories	706,444	3,211
Biological assets	27,404	12,052
Other intangible assets	7,977	-
Property development costs	38,297	-
Gross amount due from customers	19,129	-
Trade receivables	339,479	-
Other receivables, deposits and prepayments	34,590	1,019
Amounts due from subsidiaries	-	223
Amounts due from associates	34,794	17,337
Current tax assets	17,290	4,763
Deposits	411,628	198,076
Cash and bank balances	79,558	3,018
	<u>1,716,590</u>	<u>239,699</u>
Non-current assets classified as held for sale	9,009	-
<b>Total current assets</b>	<u>1,725,599</u>	<u>239,699</u>
<b>TOTAL ASSETS</b>	<u>13,216,245</u>	<u>5,898,619</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Share premium	6,715	6,715
Other non-distributable reserves	487,497	-
Retained earnings	10,553,079	4,418,266
<b>Equity attributable to shareholders of the Company</b>	<u>12,232,791</u>	<u>5,610,481</u>
<b>Minority interests</b>	160,088	-
<b>Total equity</b>	<u>12,392,879</u>	<u>5,610,481</u>
<b>Non-current liabilities</b>		
Long term bank borrowings	65,865	-
Hire purchase liabilities	130	-
Deferred tax liabilities	74,312	6,208
<b>Total non-current liabilities</b>	<u>140,307</u>	<u>6,208</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 56. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF REVISED FRSs (continued)

	Group RM'000 (Restated)	Company RM'000 (Restated)
<b>Current liabilities</b>		
Gross amount due to customers	29,159	-
Trade payables	201,425	956
Other payables and accruals	105,502	5,902
Amounts due to subsidiaries	-	275,045
Amounts due to associates	185	27
Amounts due to jointly controlled entity	12,176	-
Hire purchase liabilities	189	-
Short term borrowings	313,007	-
Bank overdrafts	2,094	-
Current tax liabilities	19,322	-
<b>Total current liabilities</b>	<u>683,059</u>	<u>281,930</u>
<b>Total liabilities</b>	<u>823,366</u>	<u>288,138</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>13,216,245</u>	<u>5,898,619</u>

- (c) The following comparative figures for the financial year ended 31 December 2009 have been restated to reflect the classification in accordance with *FRS 118*.

	Group		Company	
	Restated RM'000	As previously stated RM'000	Restated RM'000	As previously stated RM'000
<u>Continuing operations</u>				
Income statements				
Revenue	2,053,769	2,005,429	5,877,693	-
Other operating income	60,657	37,861	8,305	1,028
Other operating expenses	(22,114)	(20,628)	-	-
Net profit from investing activities	-	69,650	-	5,884,970
<u>Discontinued operations</u>				
Income statements				
Other operating income	27,488	25,135	244	73
Net profit from investing activities	-	2,353	-	171

### 57. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 31 March 2011.

## NOTES TO THE FINANCIAL STATEMENTS

### 58. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2010 %	2009 %		
<b>Malayan Sugar Manufacturing Company Berhad</b>	-	100.0	Malaysia	Disposed of in 2010
Astakonas Sdn Bhd	-	100.0	Malaysia	Disposed of in 2010
MSM Properties Sdn Bhd	-	100.0	Malaysia	Disposed of in 2010
* <b>Masuma Trading Co Ltd</b>	<b>100.0</b>	100.0	Hong Kong	Investment holding
* Quintrine Company Ltd	<b>100.0</b>	100.0	Hong Kong	Investment holding
* Banqua Limited	<b>100.0</b>	100.0	British Virgin Islands	Dormant
<b>FFM Berhad</b>	<b>100.0</b>	100.0	Malaysia	Investment holding, grains trading, flour milling and animal feed manufacturing
Johor Bahru Flour Mill Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Flour milling and animal feed manufacturing
* FFM (Sabah) Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Manufacturing and trading of animal feed
* Cloverdale Trading Pte Ltd	<b>100.0</b>	100.0	Singapore	Marketing and distribution of wheat flour products
Lamlewa Feedmill Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Dormant
* FFM Feedmills (Sarawak) Sdn Bhd	<b>75.0</b>	75.0	Malaysia	Manufacturing and trading of animal feed
FFM Further Processing Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Manufacturing and processing of nuggets and sausages
Mantap Aman Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
* PT Pundi Kencana	<b>51.0</b>	51.0	Indonesia	Flour milling
FFM Marketing Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Dormant
Taloh Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Dormant
* Buxton Limited	<b>100.0</b>	100.0	Samoa	Investment holding
Katella Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Shipping
Friendship Trading Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of transportation services
* Glowland Limited	<b>100.0</b>	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Livestock breeding
FFM Pulau Indah Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of management services

## NOTES TO THE FINANCIAL STATEMENTS

### 58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2010 %	2009 %		
* FFM Flour Mills (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Flour milling
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Vietnam Flour Mills Ltd	100.0	100.0	Socialist Republic of Vietnam	Flour milling
Tego Sdn Bhd	79.9	79.9	Malaysia	Manufacturing of polyethylene and polypropylene woven bags and fabrics
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of polypropylene multi-filament yarns
* Tefel Packaging Industries Co Ltd	100.0	100.0	Union of Myanmar	Manufacturing and trading of polyethylene and polypropylene woven bags and fabrics
* Keen Trade Limited	100.0	100.0	British Virgin Islands	Trading of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics
Resolute Services Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
The Italian Baker Sdn Bhd	100.0	-	Malaysia	Dormant
<b>PPB Hartabina Sdn Bhd</b>	<b>100.0</b>	<b>100.0</b>	<b>Malaysia</b>	<b>Property development and property investment</b>
Kembang Developments Sdn Bhd	100.0	100.0	Malaysia	Rental of landed properties
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding, iron-ore sales and oil palm cultivation
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
Central Kedah Rubber Estates Sdn Bhd	100.0	100.0	Malaysia	Dormant
<b>Minsec Properties Bhd</b>	<b>100.0</b>	<b>100.0</b>	<b>Malaysia</b>	<b>Property development</b>
<b>PPB Leisure Holdings Sdn Bhd</b>	<b>100.0</b>	<b>100.0</b>	<b>Malaysia</b>	<b>Investment holding</b>
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Property investment and investment holding
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	100.0	99.0	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films

## NOTES TO THE FINANCIAL STATEMENTS

### 58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2010 %	2009 %		
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
Jubilant Chain Sdn Bhd	100.0	100.0	Malaysia	Software development and software maintenance
Penzance Properties Sdn Bhd	100.0	100.0	Malaysia	Dormant
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Corporate secretarial and share registration services and share nominee services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Affluence Trading Sdn Bhd	100.0	100.0	Malaysia	Dormant
Federal Flour Mills Holdings Sdn Bhd <i>(formerly known as Forward Prestige Sdn Bhd)</i>	100.0	-	Malaysia	Dormant
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Chemquest Trading (M) Sdn Bhd	-	100.0	Malaysia	Under member's voluntary winding-up
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacturing and trading in toilet requisites, household and chemical products
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Property investment
Minsec Engineering Services Sdn Bhd	-	100.0	Malaysia	Disposed of in 2010
Chemical Waste Management 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

## NOTES TO THE FINANCIAL STATEMENTS

### 58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2010 %	2009 %		
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 garbage 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
Asia Pacific Microspheres Sdn Bhd	-	100.0	Malaysia	Under member's voluntary winding-up
Malayan Adhesives & Chemicals Sdn Bhd	99.6	99.6	Malaysia	Manufacturing and trading in 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
* Kerry Utilities Ltd	100.0	100.0	Hong Kong	Dormant
* Beijing Kerry Veolia Waste Water Treatment Co Ltd	51.0	51.0	The People's Republic of China	Investment holding
* Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	100.0	The People's Republic of China	Provision of consultancy services
Cipta Quantum Sdn Bhd	100.0	100.0	Malaysia	Dormant

\* Subsidiaries not audited by Mazars

## NOTES TO THE FINANCIAL STATEMENTS

### 59. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2010 %	2009 %		
* Kilang Gula Felda Perlis Sdn Bhd	-	50.0	Malaysia	Disposed of in 2010
* Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property investment, investment holding and provision of management services
* Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development
Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
* Kerry Flour Mills Ltd	43.4	43.4	Thailand	Wheat flour milling and distribution
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centres
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
* Sky Power Limited (formerly known as Kerry CQ Environmental Engineering Ltd)	-	49.0	British Virgin Islands	Dissolved in 2010
* Kerry CQ JV Environmental Engineering Ltd	50.0	50.0	British Virgin Islands	Investment holding
* Foodteller Sdn Bhd	35.0	35.0	Malaysia	Manufacturing and trading of pastry and related products
*# Wilmar International Limited	18.3	18.4	Singapore	Oil palm cultivation, edible oils refining, oilseed crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising
* PT Tri Persada Mulia	30.0	30.0	Indonesia	Dormant
* Silvercrest Season Sdn Bhd	35.0	35.0	Malaysia	Export of pastry and related products
* Kart Food Industries Sdn Bhd	45.0	-	Malaysia	Manufacturing and trading of food products
* Kart Food Marketing Sdn Bhd	45.0	-	Malaysia	Dormant

\* Associates not audited by Mazars

## NOTES TO THE FINANCIAL STATEMENTS

### 59. ASSOCIATES (continued)

# 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.

### 60. JOINTLY CONTROLLED ENTITY

The jointly controlled entity is as follows:

	Proportion of ownership interest		Country of operation	Principal activities
	2010	2009		
	%	%		
* Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	42.0	42.0	The People's Republic of China	Own, operate and maintain a waste water treatment plant

\* Jointly controlled entity not audited by Mazars

## SUPPLEMENTARY INFORMATION

### Realised and unrealised profits/(losses)

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

The retained profits/(losses) of the Group and the Company as at 31 December 2010 are analysed as follows:

	Group RM'000	Company RM'000
Total retained profits/(losses) of the Company and subsidiaries		
- Realised	11,596,784	9,896,143
- Unrealised	(21,107)	(134)
	<u>11,575,677</u>	<u>9,896,009</u>
Total share of retained profits/(losses) from associates		
- Realised	85,559	-
- Unrealised	(1,992)	-
- Wilmar International Limited *	2,394,898	-
Total share of retained profits from jointly controlled entity		
- Realised	4,498	-
	<u>14,058,640</u>	<u>9,896,009</u>
Less: consolidation adjustments	(1,866,365)	-
Total Group's and Company's retained profits as per accounts	<u>12,192,275</u>	<u>9,896,009</u>

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

## STATEMENT BY DIRECTORS

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

We, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and DATO SRI LIANG KIM BANG, 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 60 to 170 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 2010 and of their results and cash flows for the year ended on that date.

On behalf of the Board

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

**Director**

**DATO SRI LIANG KIM BANG**

**Director**

Kuala Lumpur

31 March 2011

## 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 60 to 170 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  
31st day of March, 2011

Before me,

Kathirvelayudham a/l Palaniappan PPN

Commissioner for Oaths

Malaysia

No.W385

## 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 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 170.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PPB GROUP BERHAD

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

### **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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 58 to the financial statements.
- (c) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **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.

**Other Reporting Responsibilities**

The supplementary information set out on page 171 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.

**MAZARS**

**No. AF: 1954**

**Chartered Accountants**

**TANG KIN KHEONG**

**No. 1501/9/11 (J/PH)**

**Partner**

Kuala Lumpur  
31 March 2011



## THE PROPERTIES & SHAREHOLDINGS

Properties Owned By PPB And Its Subsidiaries **178** | Statement Of Shareholdings **183**

Group Corporate Directory **186** | Notice Of Annual General Meeting **188**

Statement Accompanying The Notice of Annual General Meeting **190** | Proxy Form



• TODAY,

we have built quality business brands  
of essential and lifestyle products both  
locally and in the region.

# PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

LOCATION	DESCRIPTION & EXISTING USE OF PROPERTIES	DATE OF ACQUISITION /REVALUATION	AGE OF BUILDINGS IN YEARS	LAND AREA	TENURE	YEAR OF EXPIRY	NET BOOK VALUE AT 31.12.2010 RM'000
<b>STATE OF PERLIS</b>							
HS (D) 2483, Wang Bintong, Kangar	Bus depot	10.5.1969	-	6,070 sq metres	Freehold	-	41
<b>STATE OF KEDAH</b>							
Cathay Alor Setar No 1, Jln Limbong Kapal, 05000 Alor Setar	Property leased out	16.4.1990	-	3,901 sq metres	Freehold	-	805
Cathay Sungai Petani No 11, Jln Bank, 08000 Sg Petani	Property leased out	16.4.1990	>50	830 sq metres	Freehold	-	351
31 Jln Kampung Baru, 08000 Sg Petani	Land for property development	7.11.1991	-	11,339 sq metres	Freehold	-	1,084
Lot 28, 57, 65, 1010, 1011, 1122-1124, 1128, 1137, 1139, 1142, 1242, 1273, 1279, 1289, 1290, 1292, 1294, 1664 & 1665, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	569 hectares	Freehold	-	9,221
Lot PT 4841 - 4846, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	91 hectares	Freehold	-	
Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh, Gurun	Poultry breeder farm & oil palm plantation	21.2.1995	14	103 hectares	Freehold	-	12,867
<b>STATE OF PENANG</b>							
Lot No 31, 333-339, 342, 343, 435 & 438, Section 15, City of Georgetown	Commercial building leased out	30.9.1976	4	2 hectares	Freehold	-	21,524
Plot 352-355 & 362-364, Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory and office building leased out	28.4.1989	34	24,922 sq metres	Leasehold	2110	9,303
Plot 99(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	28	21,092 sq metres	Leasehold	2110	7,044
Plot 100(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	10.2.1989	28	13,491 sq metres	Leasehold	2110	23,287
Plot 571, MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land	4.11.1990	-	1,305 sq metres	Leasehold	2110	212

## PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

LOCATION	DESCRIPTION & EXISTING USE OF PROPERTIES	DATE OF ACQUISITION /REVALUATION	AGE OF BUILDINGS IN YEARS	LAND AREA	TENURE	YEAR OF EXPIRY	NET BOOK VALUE AT 31.12.2010 RM'000
Odeon Penang No 130, Penang Road, 10000 Penang	Property leased out	16.4.1990	64	1,084 sq metres	Freehold	-	435
		16.4.1990	-	281 sq metres	Leasehold	2038	94
Dalit Cinema Kompleks Tun Abdul Razak, Lebuh Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	30	3,332 sq metres	Leasehold	2080	4,545
Cathay Bukit Mertajam No 14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990	55	1,092 sq metres	Freehold	-	349
		16.4.1990	-	282 sq metres	Freehold	-	} 104
		16.4.1990	-	166 sq metres	Leasehold	2054	
No 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B & 22C, Beach Street, 10300 Penang	2 storey shophouses	31.3.1981	> 50	2,526 sq metres	Freehold	-	10,163
No 2 & 4, Church Street, 10300 Penang							
<b>STATE OF PERAK</b>							
Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	54	4,494 sq metres	Freehold	-	1,092
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	17	8,018 sq metres	Leasehold	2045	1,217
Block G4 & G5, Lumut Industrial Park, Lumut	Factory leased out	28.12.1995	< 14	80,940 sq metres	Leasehold	2105	5,912
Lot 950, Batu 9, Sg Limau, 34850 Trong	Layer farm & oil palm plantation	25.10.1996	12	220 hectares	Freehold	-	39,787
<b>STATE OF SELANGOR</b>							
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	< 10	208,156 sq metres	Leasehold	2097	111,322
Lot 2824-2827 & PT 45125, Mukim Sg Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	< 14	243,415 sq metres	Freehold	-	56,559
1-17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shophouses & offices leased out	16.4.1990	28	1,408 sq metres	Freehold	-	3,049
Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/8, Taman Megah, 47301 Petaling Jaya	Land leased out	16.4.1990	-	13,631 sq metres	Freehold	-	2,553

## PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

LOCATION	DESCRIPTION & EXISTING USE OF PROPERTIES	DATE OF ACQUISITION /REVALUATION	AGE OF BUILDINGS IN YEARS	LAND AREA	TENURE	YEAR OF EXPIRY	NET BOOK VALUE AT 31.12.2010 RM'000
Lot 9, Jln Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	40	33,946 sq metres	Leasehold	2069	5,737
Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam	Office building	22.2.1993	22	11,458 sq metres	Leasehold	2018	1,321
16/8A Jln Pahat, 40700 Shah Alam	Office building	1.1.2004	31	3,837 sq metres	Leasehold	2067	684
<b>WILAYAH PERSEKUTUAN</b>							
2nd Floor, Sungei Wang Plaza, Jln Bukit Bintang, 55100 Kuala Lumpur	Shoplot leased out	16.4.1990	33	6,187 sq metres	Freehold	-	24,641
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	437
Cheras Leisure Mall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	16	21,225 sq metres	Leasehold	2077 & 2080	53,412
Cheras Plaza No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	24	9,225 sq metres	Leasehold	2077 & 2080	14,452
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,045
<b>STATE OF NEGERI SEMBILAN</b>							
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	< 18	678,481 sq metres	Freehold	-	11,996
PT 1295, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	19	38,209 sq metres	Freehold	-	11,637
Lot 3978, Senawang Industrial Estate, 70450 Seremban	Factory & office building	30.6.1996	14 to 39	27,066 sq metres	Leasehold	2067	16,394
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang, 70000 Seremban	Cineplex	26.2.1996	15	1,811 sq metres	Freehold	-	4,563

## PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

LOCATION	DESCRIPTION & EXISTING USE OF PROPERTIES	DATE OF ACQUISITION /REVALUATION	AGE OF BUILDINGS IN YEARS	LAND AREA	TENURE	YEAR OF EXPIRY	NET BOOK VALUE AT 31.12.2010 RM'000
<b>STATE OF MALACCA</b>							
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	15	4,940 sq metres	Leasehold	2090	1,011
<b>STATE OF JOHOR</b>							
PTD119742, Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory, warehouse & office building	7.1.1989	26 to 34	36,891 sq metres	Leasehold	2049	11,372
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building leased out	10.10.1987 14.7.1988	14 to 22	121,490 sq metres	Leasehold	2049 & 2050	23,543
Cathay Muar No 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	54	1,623 sq metres	Freehold	-	} 332
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	1,562 sq metres	Freehold	-	405
Odeon Batu Pahat 30 Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	>50	1,752 sq metres	Freehold	-	560
Plaza I & II Cinema F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru	Shoplot leased out	31.7.1992 16.11.1992	20 & 21	2,929 sq metres	Freehold	-	8,749
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	11	34,981 sq metres	Freehold	-	9,591
<b>STATE OF PAHANG</b>							
Lot 6861, B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	43	149 sq metres	Freehold	-	300
No 19, Jln IM 3/1, Bandar Indera Mahkota, 25200 Kuantan	Office building & warehouse	12.7.1997	12	7,810 sq metres	Leasehold	2061	1,856
<b>STATE OF KELANTAN</b>							
Lot 5049 PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu	Warehouse & office building	30.12.2001	4	14,157 sq metres	Leasehold	2063	2,984

## PROPERTIES OWNED BY PPB GROUP BERHAD AND ITS SUBSIDIARIES

LOCATION	DESCRIPTION & EXISTING USE OF PROPERTIES	DATE OF ACQUISITION /REVALUATION	AGE OF BUILDINGS IN YEARS	LAND AREA	TENURE	YEAR OF EXPIRY	NET BOOK VALUE AT 31.12.2010 RM'000
<b>STATE OF SARAWAK</b>							
Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984 18.6.1987 15.3.1989	> 27	6,812 sq metres	Leasehold	2040	3,665
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory, warehouse & office building	6.12.1999	7	21,350 sq metres	Leasehold	2059	18,105
Lot 137 Block 5, Undup Land District, Sri Aman	Vacant agricultural land	9.3.1996	-	18,130 sq metres	Leasehold	2017	23
Lot 1133 Block 8, Muara Tebas Land District, Kuching	Warehouse & office building	17.5.2004	5	10,520 sq metres	Leasehold	2064	3,805
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Property leased out	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	385
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	51	1,486 sq metres	Leasehold	2016	196
<b>STATE OF SABAH</b>							
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	18	10,927 sq metres	Leasehold	2032	3,454
Lot No 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	-	12,096 sq metres	Leasehold	2097	2,226
Lot 31, Industrial Zone 4, Kota Kinabalu	Warehouse & office building	24.7.2006	4	9,955 sq metres	Leasehold	2098	3,660
CL 075149325, Karamunting, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	1,873
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Land leased out	16.4.1990	54	1,282 sq metres	Leasehold	2053	606
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	161
<b>INDONESIA</b>							
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon.	Factory & office building	26.1.2007 & 3.4.2007	2	31,723 sq metres	Leasehold	2037	58,970

# STATEMENT OF SHAREHOLDINGS

AS AT 21 MARCH 2011

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

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
Less than 100	719	7.23	20,939	0.00
100 - 1,000	2,500	25.15	1,723,246	0.15
1,001 - 10,000	4,724	47.52	19,670,611	1.66
10,001 - 100,000	1,657	16.67	49,697,718	4.19
100,001 to less than 5% of issued shares	338	3.40	463,667,814	39.11
5% and above of issued shares	3	0.03	650,719,554	54.89
	<b>9,941</b>	<b>100.00</b>	<b>1,185,499,882</b>	<b>100.00</b>

## DIRECTORS' INTERESTS IN SHARES

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% OF ISSUED CAPITAL	NO. OF SHARES	% OF ISSUED CAPITAL
<b>IN THE COMPANY</b>				
Datuk Oh Siew Nam	120,666	0.01	1,204,498	0.10
Tan Gee Sooi	-	-	585,236	0.05
<b>IN RELATED CORPORATIONS</b>				
Tego Sdn Bhd - Subsidiary Company				
Datuk Oh Siew Nam	-	-	18,000	0.10
Tan Gee Sooi	37,500	0.21	-	-
<b>KUOK BROTHERS SDN BERHAD - HOLDING COMPANY</b>				
Datuk Oh Siew Nam	-	-	4,966,667	0.99
Tan Gee Sooi	1,240,000	0.25	163,333	0.03
Cheang Kwan Chow	50,000	0.01	-	-
<b>CORALBID (M) SDN BHD - SUBSIDIARY OF HOLDING COMPANY</b>				
Datuk Oh Siew Nam	-	-	100,000	0.27

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

## STATEMENT OF SHAREHOLDINGS

AS AT 21 MARCH 2011

### 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	594,764,624	50.17	6,950,904	0.59	601,715,528	50.76
Employees Provident Fund Board	115,057,550	9.71	-	-	115,057,550	9.71

### THE 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>	105,250,250	8.88
3. Kuok Brothers Sdn Berhad	72,757,932	6.14
4. Kuok Brothers Sdn Berhad	49,296,514	4.16
5. Nai Seng Sdn Berhad	40,826,500	3.44
6. Valuecap Sdn Bhd	33,137,000	2.80
7. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN For Credit Suisse (SG BR-TST-Asing)</i>	23,733,498	2.00
8. Kumpulan Wang Persaraan (Diperbadankan)	20,972,100	1.77
9. Kuok Foundation Berhad	17,119,720	1.44
10. Key Development Sdn Berhad	13,938,000	1.18
11. Chinchoo Investment Sdn Berhad	12,327,300	1.04
12. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN For State Street Bank &amp; Trust Company (West CLTOD67)</i>	10,775,010	0.91
13. Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte Ltd For Sin Heng Chan (1960) Pte Ltd</i>	10,100,000	0.85
14. Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)</i>	8,736,200	0.74

# STATEMENT OF SHAREHOLDINGS

AS AT 21 MARCH 2011

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
15. Amanahraya Trustees Berhad <i>For Amanah Saham Malaysia</i>	7,833,000	0.66
16. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY</i> <i>For Dimensional Emerging Markets Value Fund</i>	6,822,366	0.57
17. HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co. Boston</i> <i>For Vanguard Emerging Markets Stock Index Fund</i>	6,598,208	0.56
18. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN</i> <i>For Prudential Fund Management Berhad</i>	6,377,200	0.54
19. Amanahraya Trustees Berhad <i>For Amanah Saham Wawasan 2020</i>	6,122,800	0.52
20. Gaintique Sdn Bhd	5,933,300	0.50
21. Ophir Holdings Berhad	5,841,754	0.49
22. HDM Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For UOB Kay Hian (Hong Kong) Limited (Clients)</i>	5,449,186	0.46
23. Keck Seng (Malaysia) Berhad	4,891,728	0.41
24. Amanahraya Trustees Berhad <i>For As 1Malaysia</i>	4,695,700	0.40
25. Gan Teng Siew Realty Sdn Berhad	3,621,998	0.31
26. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>JPMorgan Chase Bank, National Association (U.A.E.)</i>	3,463,572	0.29
27. Universiti Kebangsaan Malaysia	3,323,608	0.28
28. Ang Poon Tiak	3,250,000	0.27
29. Kota Johore Realty Sdn Bhd	3,095,964	0.26
30. Cartaban Nominees (Asing) Sdn Bhd <i>State Street London Fund OD75</i> <i>For Ishares Public Limited Company</i>	2,872,000	0.24
	971,873,780	81.98

# GROUP CORPORATE DIRECTORY

## A

### AMUSEMENT CENTRE OPERATIONS

#### **Kerry Leisure Concepts Sdn Bhd**

##### **Main Office**

Lot 2.37, Level 2, Cheras Leisure Mall  
Jalan Manis 2, Taman Segar, Cheras  
56100 Kuala Lumpur  
Tel : 03-91311663  
Contact Person :  
Mr Han Yew Kong (General Manager)

### ANIMAL FEED MANUFACTURING

#### **FFM Berhad**

##### **Main Office**

PT45125, Batu 15 ½, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61572289  
Contact Person :  
Mr Ong Hung Hock (Managing Director)

#### **Johor Bahru Flour Mill Sdn Bhd**

##### **Main Office/ Factory**

Lorong Pukal Dua  
Kawasan Lembaga Pelabuhan Johor  
81700 Pasir Gudang, Johor  
Tel : 07-2512211  
Contact Person :  
Mr Tan Hock Yong (Managing Director)

#### **FFM (Sabah) Sdn Bhd**

##### **Main Office/ Factory**

5 ½ Mile, Off Jalan Tuaran  
Kolombong Industrial Estate  
88450 Kota Kinabalu, Sabah  
Tel : 088-426310  
Contact Person :  
Mr Chia Ngun How (Director/ General Manager)

#### **FFM Feedmills (Sarawak) Sdn Bhd**

##### **Main Office/ Factory**

Lot 2231, Jalan Kilang  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-482751  
Contact Person :  
Mr Lee Cho Fatt (Director/ General Manager)

## C

### CHEMICALS MANUFACTURING

#### **Malayan Adhesives & Chemicals Sdn Bhd**

##### **Main Office/ Factory**

No. 9 Jalan Utas 15/7  
40200 Shah Alam, Selangor  
Tel : 03-55661188  
Contact Person :  
Mr Huen Foo Seng (Director/ General Manager)

### CINEMA OPERATIONS

#### **Golden Screen Cinemas Sdn Bhd**

##### **Main Office**

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

### CONSUMER PRODUCTS DISTRIBUTION

#### **FFM Marketing Sdn Bhd**

##### **Main Office**

PT 45125, Batu 15 ½, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61565888  
Contact Person :  
Mr Ong Hung Hock (Executive Chairman)

### CONTRACT MANUFACTURING

#### **Products Manufacturing Sdn Bhd**

##### **Main Office/ Factory**

Lot PT 31-A1, A2 & A3, Industrial Area  
Mukim Batu 6.5 Miles, Jalan Kepong  
52000 Kuala Lumpur  
Tel : 03-62528298  
Contact Person :  
Mr Khor Siang Chew  
(Chairman/ General Manager)

## F

### FOOD PROCESSING

#### **FFM Further Processing Sdn Bhd**

##### **Main Office/ Factory**

Lot 2, Seksyen 6, Pulau Indah Industrial Park  
k.s. 13, 42090 Klang, Selangor  
Tel : 03-31011338  
Contact Person :  
Dr Adrian Majanil (Director/ General Manager)

### FLOUR MILLING

#### **FFM Berhad**

##### **Main Office**

PT 45125, Batu 15 ½, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61572289  
Contact Person :  
Mr Ong Hung Hock (Managing Director)

#### **Johor Bahru Flour Mill Sdn Bhd**

##### **Main Office/ Factory**

Lorong Pukal Dua  
Kawasan Lembaga Pelabuhan Johor  
81700 Pasir Gudang, Johor  
Tel : 07-2512211  
Contact Person :  
Mr Tan Hock Yong (Managing Director)

#### **Vietnam Flour Mills Ltd**

##### **Factory**

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

#### **FFM Flour Mills (Sarawak) Sdn Bhd**

##### **Main Office/ Factory**

Lot 505, Block 8, MTLD  
Sejingkat Industrial Park, Jalan Bako  
93050 Kuching, Sarawak  
Tel : 082-439449  
Contact Person :  
Mr Terry Kho (Factory Manager)

**PT Pundi Kencana**

**Main Office**

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

**L**

**LIVESTOCK FARMING**

**FFM Farms Sdn Bhd**

**Main Office**

PT 45125, Batu 15 ½, Sungai Pelong  
47000 Sungai Buloh, Selangor  
Tel : 03-61572289  
Contact Person :  
Dr Danny Soon (General Manager)

**P**

**PLANTATIONS AND EDIBLE OILS**

**Wilmar International Limited**

**Main Office**

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

**POLYBAG MANUFACTURING**

**Tego Sdn Bhd**

**Main Office/ Factory**

Lot 5-8, Senawang Industrial Estate  
70450 Seremban, Negeri Sembilan  
Tel : 06-6773361  
Contact Person :  
Mr Boo Yew Leng (Managing Director)

**Tego Multifil Sdn Bhd**

**Factory**

Lot 9, Lorong Bunga Tanjung ½  
Senawang Industrial Park  
70400 Seremban, Negeri Sembilan  
Tel : 06-6778721  
Contact Person :  
Mr Boo Yew Leng (Director)

**Tefel Packaging Industries Co., Ltd**

**Main Office/ Factory**

Plot No. 247-A/248, Muse Street  
Ward (23), Industrial Zone (1)  
South Dagon Township  
Yangon, Myanmar  
Tel : 0095-1-590643  
Contact Person :  
Mr Cheng Kin Ming (Director)

**PROPERTY OWNERS/ DEVELOPER**

**PPB Group Berhad (Property Division)**

**Main Office**

17th Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-21170888  
Contact Person :  
Mr Eapen Thomas (General Manager)

**PPB Hartabina Sdn Bhd**

**Main Office**

7th Floor, Cheras Plaza  
No. 11 Jalan Manis 1, Taman Segar, Cheras  
56100 Kuala Lumpur  
Tel : 03-91305088  
Contact Person :  
Mr Eapen Thomas (Director)

**Cathay Screen Cinemas Sdn Bhd**

**Main Office**

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

**South Island Mining Co. Sdn Bhd**

**Main Office**

330 Simco Bungalow, Sg Toh Pawang  
08100 Bedong, Kedah  
Tel : 04-44581126  
Contact Person :  
Mr Clarence Tan (General Manager)

**W**

**WASTE MANAGEMENT & ENVIRONMENTAL ENGINEERING**

**Chemical Waste Management Sdn Bhd**

**Main Office**

Lot 12, Persiaran Kemajuan  
Off Jalan Halba 16/16  
40200 Shah Alam, Selangor  
Tel : 03-55107800  
Contact Person :  
Mr Leong Yew Weng (Chief Executive Officer)

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

**Main Office**

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

**Sitamas Environmental Systems Sdn Bhd**

**Main Office**

Lot 15 Jalan Pahat 16/8A  
40702 Shah Alam, Selangor  
Tel : 03-55104008  
Contact Person :  
Mr Lim Cheng Kaai (General Manager)

**AWS Sales & Services Sdn Bhd**

**Main Office**

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

# NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Thursday, 19 May 2011 at 9.30 a.m.

Venue : 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

**NOTICE IS HEREBY GIVEN** that the 42nd Annual General Meeting of PPB Group Berhad will be held at 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 19 May 2011 at 9.30 a.m. for the following purposes :-

## AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the payment of a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2010 as recommended by the Directors. *(Resolution 2)*
3. To approve the payment of Directors' fees of RM265,000/- for the financial year ended 31 December 2010. *(Resolution 3)*
4. To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:-
  - i) "That pursuant to Section 129(6) of the Companies Act 1965, Datuk Oh Siew Nam be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." *(Resolution 4)*
  - ii) "That pursuant to Section 129(6) of the Companies Act 1965, Dato Sri Liang Kim Bang be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." *(Resolution 5)*
  - iii) "That pursuant to Section 129(6) of the Companies Act 1965, YM Raja Dato' Seri Abdul Aziz bin Raja Salim be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." *(Resolution 6)*  
*(See Explanatory Note 1)*
5. To re-appoint Messrs 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 as Ordinary Resolutions, with or without modifications:-

6. **Authority to issue shares pursuant to Section 132D of the Companies Act 1965**  
"THAT subject to the Companies Act 1965 and the Articles of Association of the Company, 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." *(Resolution 8)*  
*(See Explanatory Note 2)*

## NOTICE OF ANNUAL GENERAL MEETING

### 7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The text of the resolution to approve the above together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 27 April 2011.

(See Explanatory Note 3)

*(Resolution 9)*

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

### NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

Notice has been given on 28 February 2011 that subject to the approval of shareholders at the Annual General Meeting to be held on 19 May 2011, a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2010 is payable on 10 June 2011 to members whose names appear in the Record of Depositors on 24 May 2011.

A Depositor shall qualify for entitlement in respect of:-

- i) Shares transferred into the Depositor's securities account before 4.00 p.m. on 24 May 2011 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  
27 April 2011

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

### Appointment of Proxy

- i) A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/ her stead. A proxy need not be a member of the Company.
- ii) A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.
- iii) The Proxy Form must be signed by the appointer or his/ her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

### EXPLANATORY NOTES

#### 1) Re-appointment of Directors 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 next Annual General Meeting ("AGM") of the Company.

The proposed *Resolutions 4, 5 and 6*, if passed, would enable Datuk Oh Siew Nam, Dato Sri Liang Kim Bang and YM Raja Dato' Seri Abdul Aziz bin Raja Salim to hold office until the next AGM of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

### 2) Authority to issue shares pursuant to Section 132D of the Companies Act 1965

The proposed **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 previous mandate was obtained at the last AGM.

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

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

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

### 3) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed **Resolution 9** is to enable the Company's subsidiaries to enter into recurrent related party transactions which are necessary for PPB Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of 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 27 April 2011 despatched together with the Company's 2010 Annual Report.

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The directors who are standing for re-appointment under Section 129(6) of the Companies Act 1965 are as follows:-

- a) Datuk Oh Siew Nam
- b) Dato Sri Liang Kim Bang
- c) YM Raja Dato' Seri Abdul Aziz bin Raja Salim

The details of the above Directors are set out in the Directors' Profiles on pages 17 and 18. Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 183.

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	
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.

as my/ our proxy to vote for me/ us and on my/ our behalf at the 42nd Annual General Meeting of the Company to be held on Thursday, 19 May 2011 at 9.30 a.m. 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 2010 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend.		
3	To approve the payment of Directors' fees.		
4	To re-appoint Datuk Oh Siew Nam as Director.		
5	To re-appoint Dato Sri Liang Kim Bang as Director.		
6	To re-appoint YM Raja Dato' Seri Abdul Aziz bin Raja Salim as Director.		
7	To re-appoint Messrs 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.		

*(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) is my/ our holding to be represented by my/ our proxies are as follows:-

First Proxy	%	Signed this	day of	2011
Second Proxy	%	Signature		
<b>Total</b>	<b>100%</b>			
No. of shares held				

**NOTES:**

- i) A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/ her stead. A proxy need not be a member of the Company.
- ii) A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.
- iii) The Proxy Form must be signed by the appointer or his/ her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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affix  
stamp  
here

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Malaysia

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