ANNUAL REPORT 2012

PPB GROUP BERHAD

People Passion Brand

People Passion Brand

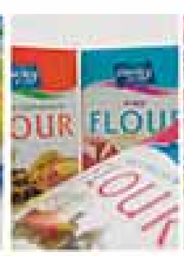
PPB Group's passion is about creating quality, and reliable products and services. Through the years, this enduring passion has formed our values and crafted strong bonds between the Group and our customers, and the community.

PPB GROUP BERHAD


Enaknya..


TEMPURA
TEMPURA


FRIES


FLOUR


MARINA
SARDINES


GANDUM
CAP
SAUH

PEOPLE • PASSION • BRAND

CONTENTS

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MASSIMO
By The Italian Baker
SANDWICH LOAF
WITH
MARINA
TUNA

PEOPLE

Bridging boundaries and connecting with communities.

01 THE CORPORATION

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF PPB GROUP BERHAD, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2012.

GROUP RESULTS

PPB Group recorded a healthy performance for the financial year ended 31 December 2012 with revenue improving by 11% to RM3.02 billion from RM2.71 billion in 2011. The increase was attributable to higher feed sales volume in Malaysia and flour sales volume in Vietnam and Indonesia. The sales of high-end residential properties in Bukit Segar, Kuala Lumpur and Taman Tanah Aman, Seberang Prai Tengah also contributed to the increased revenue.

Profit before tax, however, declined 13% to RM917 million due to lower profit contribution from Wilmar International Limited (Wilmar) of RM694 million as compared with RM790 million in 2011 and losses incurred in the livestock farming segment.

Correspondingly, profit for the year reduced 14% to RM868 million from RM1,013 million in the year before. Profit attributable to shareholders was RM842 million translating to earnings per share of 71 sen compared with 83 sen in 2011.

CORPORATE EXERCISES

Pursuant to the Memorandum of Understanding entered between FFM Berhad (FFM), and Wilmar on 2 December 2010 for the proposed acquisition by Waikari Sdn Bhd (Waikari), a wholly-owned subsidiary of FFM, of 20% equity interest in selected subsidiaries of Wilmar engaged in flour milling in the People's Republic of China (PRC), Waikari has completed the acquisition of 20% stakes in nine companies namely Yihai (Chongqing) Foodstuffs Co., Ltd; Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd; Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd; Yihai (Zhoukou) Wheat Industries Co., Ltd; Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd; Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd; Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd; Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd; and Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd.

4

1

Six of the nine companies acquired have commenced production whilst the remaining three are still under or pending construction. When all of the nine flour mills are in production, they are expected to contribute positively to the Group.

During the year, Glowland Limited, a wholly-owned subsidiary of FFM, acquired 51% interest in the charter capital of VFM-Wilmar Flour Mills Company Limited, a limited liability company established in Vietnam to carry out wheat flour milling and the sale of flour, flour-based products and by-products.

DIVIDENDS

The Board is pleased to recommend a final single tier dividend of 13 sen per share and together with the interim single tier dividend of 7 sen per share paid in September 2012, would bring the total dividend for the financial year ended 31 December 2012 to 20 sen per share amounting to RM237.1 million.

The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting and if approved will be paid on 3 June 2013.

1. Datuk Oh Siew Nam
2. High-end bungalow at Masera Bukit Segar, Cheras
3. FFM's animal feed warehouse
4. FFM's flour & feed mill silos in Pulau Indah

1

OVERVIEW OF OPERATIONS

FOOD MANUFACTURING ACTIVITIES

FLOUR AND FEED MILLING

The grains trading, flour and feed milling division of the Group recorded a 13% improvement in revenue to RM1.8 billion driven by higher feed and flour volume sales. Despite higher profits generated by increased feed sales volume, profit before tax declined 9% due to unfavourable grains trading results.

In line with the Group's strategy to expand its flour milling business overseas to cater for a wider market, FFM Group has embarked on several projects to increase its production capacity overseas.

PT Pundi Kencana, a 51% subsidiary of the Group, is scheduled to commission two additional 500 mt per day flour mills in Indonesia by end of this year which would double its production capacity from 1,000 mt per day to 2,000 mt per day.

Kerry Flour Mills Ltd, a 43.4% associate of the Group, is scheduled to commission an additional milling capacity of 300 mt per day in the 1st quarter of 2014 which will increase its production capacity in Thailand to 700 mt per day.

In Vietnam, FFM Group is expanding its 400 mt flour mill in Ba Ria Vung Tau Province by 150 mt per day. In addition, the Group is planning for a new 500 mt per day flour mill in northern Vietnam under its 51% subsidiary, VFM-Wilmar Flour Mills Company Limited, to complement its existing 400 mt per day flour mill situated in the south.

As mentioned under the corporate exercise section above, acquisitions by Waikari of 20% in the nine flour mills in China would add to the group's regional flour milling business.

On the domestic front, FFM Group's flour mill in Pulau Indah commissioned a whole wheat production line in April 2012 to support the production of Massimo's 100% whole wheat loaf. A new 1kg packing line was installed in June 2012. In Kuching, Sarawak the construction of the new pollard packing/storage warehouse was completed in December 2012.

BAKERY

Since the launch of "Massimo" bread loaves and buns in 2011, the brand has been well accepted. The good promotion and distribution network have made "Massimo" a new household brand in Malaysia. To extend the reach to the whole of Peninsular Malaysia besides the Klang Valley, additional depots were set up in Malacca, Seremban, Alor Setar, Johor and Kuantan. To-date, Massimo breads and buns are available in most major towns of Peninsular Malaysia except Kota Bharu and Kuala Terengganu in the east coast states. Currently, additional capacity is being planned to increase production.

In May 2012, The Italian Baker introduced Massimo's 100% whole wheat loaf to meet the requirements of health conscious consumers. FFM set up a special mill to produce genuine whole grain products for this purpose. The Group will continue with research and development to develop new and innovative products to cater to market demand.

1. FFM's popular "Blue Key" flour in 1kg pack
2 & 3. Frozen food produced by FFM Further Processing Sdn Bhd
4, 5 & 6. "Massimo" bread loaves and buns have been well accepted by the market
7. FFM Group's layer farm has a monthly production capacity of 20 million eggs

FROZEN FOODS

The frozen foods division had a challenging year with intense price competition from other food manufacturers. For further sales growth, the Group is looking at the export market. Towards this end, the processing plant commissioned its fourth raw material cold-room and increased its production floor space to prepare for higher production output with the planned release of new products for both the Malaysian and export markets.

MARKETING, DISTRIBUTION AND MANUFACTURING OF CONSUMER PRODUCTS

The marketing, distribution and manufacturing of consumer products division performed well to register profits of RM20 million on the back of higher revenue of RM389 million compared with RM375 million in 2011. The better performance was attributable to growth in sales of new products from agencies particularly its soy drinks, household products and toiletries.

LIVESTOCK FARMING

Livestock farming had a difficult year in 2012 faced with low prices as the poultry industry continues to increase broiler chicks and egg production. This division also encountered lower margins from the steep increase in feed cost arising from the drought in the United States which pushed global grain prices up. Poultry diseases which affected the yield of eggs and chicks at the farms coupled with increased labour costs added to its challenges. As a result, this division recorded losses of RM29.3 million as compared with profits of RM12.7 million in the year before.

Although the financial performance of livestock farming can be volatile, its operation is an integral part of the Group's flour and feed milling and further processing operations. To enhance operations, a new ventilation and air conditioning system was installed in the Gurun hatchery in December 2012 which will enable the incubators to hatch better quality chicks.

The livestock farming business remains challenging as production is not anticipated to decrease from major breeders and layer producers in an already oversupplied market.

ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

For the year under review, this division achieved profit before tax of RM9.5 million against revenue of RM155 million.

Operationally, the Group under CWM Group Sdn Bhd (CWM), continued its expansion in Sarawak in 2012 with a second project known as Serian Water Treatment Plant with a treatment capacity of 50,000m^3/day which is scheduled to complete by the first quarter of 2013. This plant will provide potable water to the residents of Serian town and its surrounding areas.

In the same year, CWM completed the Putrajaya Sewage Treatment Plant Module 2 and successfully secured the subcontract of a sewage treatment project under the Greater KL Scheme on a design and build basis and the Kuala Jelai Water Treatment Plant extension works.

The total construction order book for this division as at end 2012 was RM80 million covering 7 projects.

FILM EXHIBITION AND DISTRIBUTION

The Leisure group performed well to record a 6% increase in profits to RM40 million despite increased competition from the growing number of new cinema screens in the country. Although admissions were lower due to the poor performance of local films, the improved financial performance was possible due to contribution from Golden Screen Cinemas Sdn Bhd (GSC)'s new screens and higher income from screen advertising.

In 2012, GSC added four new multiplexes to its cinema chain in Peninsular Malaysia. The first GSC Lite was opened in Mentakab Star Mall in Pahang with 6 screens in the first quarter of the year followed by the twin opening of Setia City Mall, Shah Alam and Paradigm Mall, Petaling Jaya in the second quarter, both of 9 screens each. To close the year, GSC's second Lite cinema was opened in Amanjaya Mall, Sungai Petani in November 2012 which brings the total number of screens operated by GSC to 220 screens in 26 locations.

GSC will continue to be busy with the expansion of its cinemas this year. Spreading its brand of movie

1. River Gate of KLIA Intake Plant
2. GSC Paradigm Mall, Petaling Jaya
3. Cravings Lane @ 2 in Cheras LeisureMall
4. Hall 8, GSC Setia City Mall, Shah Alam

entertainment for the first time to Sarawak, GSC opened its 8-screen GSC Lite cinema at Bintang Megamall, Miri on 7 February 2013 to enthusiastic response. In the pipeline, GSC is committed to invest RM150 million in 9 new sites of which 2 will be opened this year, one in Kuching and the other in Seremban while the remaining 7 new locations are scheduled to be opened in 2014 and 2015.

In its continuous efforts to offer convenient ticketing services, GSC added "RHB Now" Direct Debit as an additional payment option in GSC Mobile App for iPhone and Android phones on top of payment channels like M2U and Paypal. Ticketless services like auto gates installed in GSC's key locations which provide movie-goers direct access into the cinema halls through the automated scanning of barcodes on their mobile phones are environment-friendly and popular with today's technology savvy movie-goers.

PROPERTY INVESTMENT AND DEVELOPMENT

The Group's property division recorded significantly higher profits by 43% to RM22 million mainly from the sales of Masera bungalows at Bukit Segar, Cheras and semi-detached houses at Taman Tanah Aman in Seberang Prai.

In addition to property development, the Group enjoys recurring rental income from the high occupancy of its main commercial properties, viz Cheras LeisureMall and Cheras Plaza in Kuala Lumpur; New World Park and the Whiteaways Arcade in Penang; and the Damansara Jaya shophouses in Selangor.

A section of Level 2 at Cheras LeisureMall was refurbished during the year into Cravings Lane @ 2 comprising contemporary-styled food and beverage as well as retail outlets. This new concept has been well received by customers at the Mall.

With the acquisition of Cathay Screen Cinemas Sdn Bhd shares from the minority shareholders in the first quarter of 2012 making it a wholly-owned subsidiary of the Group, the Group will explore developing some of CSC's key properties.

It will also continue to look for potential new land bank for development for future growth and profitability.

CORPORATE SOCIAL RESPONSIBILITY

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

We are committed to 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 under the Corporate Sustainability Statement on pages 41 to 49 of the Annual Report.

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

PROSPECTS AND CHALLENGES FOR 2013

The global economic outlook is expected to improve in 2013 although the pace of recovery in the advanced economies is likely to be weak compared with emerging economies. For most economies, domestic demand remains the key driver of growth.

Malaysia's economy is projected to grow steadily by 5% - 6% in 2013 anchored by the resilient domestic demand and supported by the gradual improvement in the external sector. Private investment is expected to remain strong driven by capacity expansion of domestic-oriented firms and ongoing implementation of projects with long gestation projects. However, challenges from the external environment like the potential re-emergence of instability in the eurozone or slower growth in Malaysia's major trading partners may affect the Malaysian economy.

The Group's business divisions are predominantly within the ASEAN region and China where economies are robust with strong domestic consumption and this will augur well for the Group.

The Group has set RM536 million in capital commitments to invest in building new capacity and capability to grow its core businesses both domestically and regionally together with downstream activities. With a strong cash flow and financial position, the Group is well positioned to undertake investment opportunities to further enhance shareholder value.

On the whole, the Group is optimistic that PPB Group would perform well in 2013. Notwithstanding this, PPB Group's overall financial performance will continue to depend largely on Wilmar's performance for the year.

DIRECTORATE

During the year, there were several changes in the Board as follows :

- Mr Tan Gee Sooi retired as Managing Director and Director, and Mr Lim Soon Huat was re-designated as Managing Director with effect from 1 July 2012. On behalf of the Board, I wish to record our sincere thanks and appreciation for Mr Tan Gee Sooi's past contributions to the Group.

- On 23 August 2012, Dato Sri Liang Kim Bang passed away and on behalf of the Board, I wish to record our deepest appreciation for Dato Sri Liang's invaluable contributions to the PPB Group since he was first appointed a Director of the Company in 1995.

- We were pleased to welcome Messrs Ong Hung Hock and Soh Chin Teck, who joined the Board on 1 July 2012 and 8 October 2012 respectively. Mr Ong is a Non-independent Non-executive Director, and is also a member of the Nomination Committee. Mr Soh is an Independent Non-executive Director; Chairman of the Audit Committee and also a member of the Nomination Committee.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim will retire at the forthcoming Annual General Meeting and has decided not to seek re-appointment. On behalf of the Board, I wish to record our thanks and appreciation for his services and contribution to the Group.

APPRECIATION

Our success through the years has been the result of the hard work and dedication of our employees throughout the Group and on behalf of the Board, I thank them for their efforts. To my fellow Board members, I wish to extend my sincere appreciation for their contribution, guidance and support. Last but not least, I wish to thank our shareholders, customers, business associates and other stakeholders for their continued support.

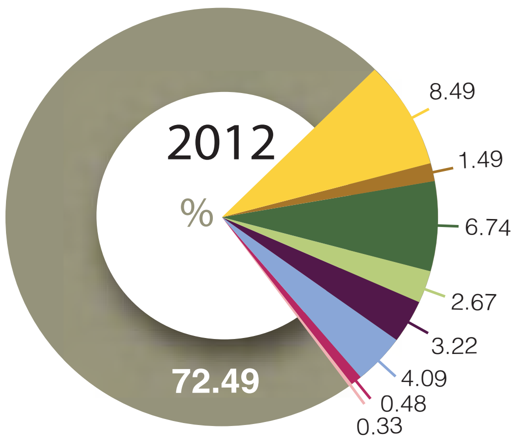
Datuk Oh Siew Nam
Chairman

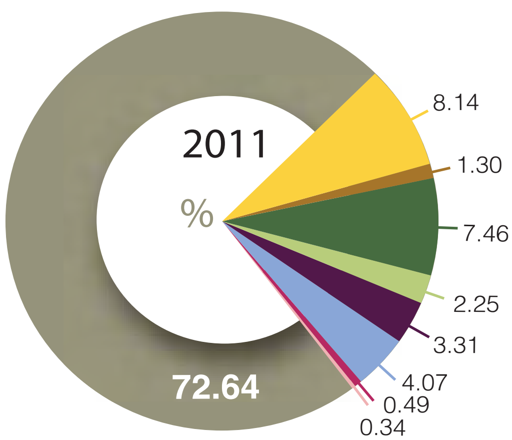
29 March 2013

GROUP FINANCIAL HIGHLIGHTS

		2012 RM' Million	2011 RM' Million	% Change
INCOME STATEMENT				
Revenue		3,017.926	2,710.539	11.3
Profit before tax		916.814	1,056.580	-13.2
Profit for the year		868.197	1,012.508	-14.3
Profit attributable to owners of the parent		842.152	980.372	-14.1
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		14,271.375	14,061.611	1.5
Total equity		14,765.371	14,565.126	1.4
RATIOS				
Return on net assets attributable to owners of the parent	%	5.90	6.97	
Earnings per share	sen	71.04	82.70	
Interest coverage	times	108.17	182.92	
Current ratio	times	3.34	4.27	
Total borrowings/Equity	%	2.53	1.77	
Long-term borrowings/Equity	%	0.58	0.31	
Net assets per share attributable to owners of the parent	RM	12.04	11.86	
Operating cash flow per share	sen	11.97	(1.68)	
PE ratio	times	16.33	20.74	
Net dividend per share	sen	20.00	23.00	
31 December closing price	RM	11.60	17.16	

ASSETS





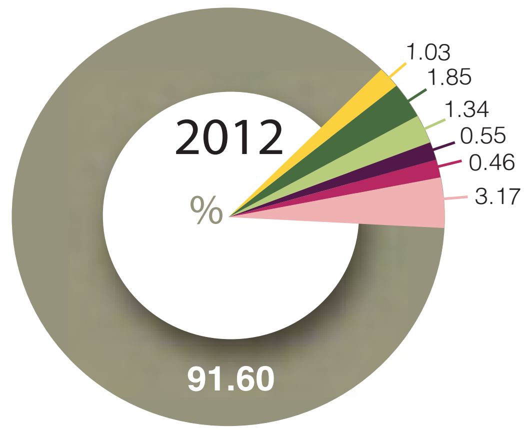
NON-CURRENT ASSETS

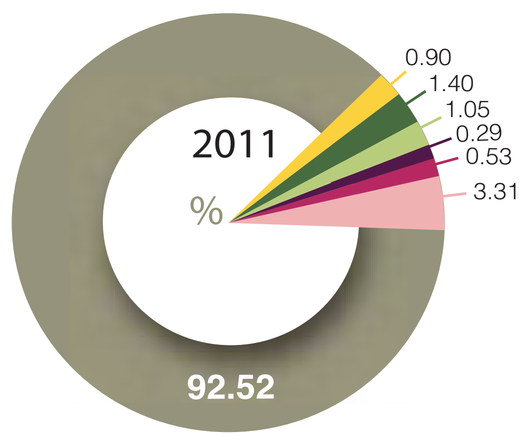
- Property, plant and equipment, investment properties, biological assets and other intangible assets
- Associates
- Jointly controlled entity
- Goodwill
- Other non-current assets

CURRENT ASSETS

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

EQUITY & LIABILITIES





CURRENT LIABILITIES

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

NON-CURRENT LIABILITIES & EQUITY

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

DIRECTORS' PROFILES

DATUK OH SIEW NAM, 74

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

MR LIM SOON HUAT, 48

Managing Director
Non-independent Executive Director

Date of Appointment
Director - 29 May 2008
Managing Director - 1 July 2012

Qualifications and Experience

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

Other Directorships in Public Companies

Ponderosa Golf & Country Resort Berhad

MR SOH CHIN TECK, 55

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

Date of Appointment
8 October 2012

Qualifications and Experience

- Bachelor of Economics, Monash University, Melbourne, Australia.
- Masters in Business Administration – International Management, RMIT University, Australia.
- Fellow member of the Institute of Chartered Accountants Australia.
- Member of the Malaysian Institute of Accountants.
- More than 13 years experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Independent director of Transmile Group Berhad from 2007 to 2008.

Other Directorships in Public Companies

Nil

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM, 74

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

K & N Kenanga Holdings Berhad
Kenanga Investment Bank Berhad
Kenanga Investors Berhad
Kenanga Islamic Investors Berhad
Gamuda Berhad
Panasonic Manufacturing Malaysia Berhad
Southern Steel Berhad
Hong Leong Industries Berhad

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, 63

Independent Non-executive Director
Chairman of Remuneration Committee
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 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 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

MR ONG HUNG HOCK, 59

Non-independent Non-executive Director
Member of Nomination Committee

Date of Appointment
1 July 2012

Qualifications and Experience

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

Other Directorships in Public Companies

Nil

NOTES

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

PPB GROUP BERHAD

- 80% FFM Berhad
  - 100% Johor Bahru Flour Mill Sdn Bhd
  - 100% FFM Flour Mills (Sarawak) Sdn Bhd
  - 100% Vietnam Flour Mills Ltd
  - 100% FFM Marketing Sdn Bhd
  - 100% FFM (Sabah) Sdn Bhd
  - 100% FFM Farms Sdn Bhd
  - 100% FFM Further Processing Sdn Bhd
  - 100% The Italian Baker Sdn Bhd
  - 100% Waikari Sdn Bhd
  - 79.9% Tego Sdn Bhd
  - 75% FFM Feedmills (Sarawak) Sdn Bhd
  - 51% PT Pundi Kencana
  - 51% VFM-Wilmar Flour Mills Company Limited
  - 43.4% Kerry Flour Mills Ltd
- 100% PPB Leisure Holdings Sdn Bhd
  - 100% Golden Screen Cinemas Sdn Bhd
    - 100% Cinead Sdn Bhd
    - 100% Glitters Café Sdn Bhd
    - 100% Premier Cinemas Sdn Bhd
    - 100% GSC Movies Sdn Bhd
    - 50% Berjaya-GSC Sdn Bhd
  - 100% Cathay Screen Cinemas Sdn Bhd
  - 60% Easi (M) Sdn Bhd
  - 100% Easi Ticketing Sdn Bhd
- 100% PPB Hartabina Sdn Bhd
  - 100% Kembang Developments Sdn Bhd
  - 100% South Island Mining Company Sdn Bhd
    - 100% Seletar Sdn Bhd
- 34% Shaw Brothers (M) Sdn Bhd

CORPORATE STRUCTURE

AS AT 29 March 2013

- 55% Chemquest Sdn Bhd
  - 100% CWM Group Sdn Bhd
    - 80% AWS Sales & Services Sdn Bhd
    - 70% Cipta Wawasan Maju Engineering Sdn Bhd
    - 70% Sitamas Environmental Systems Sdn Bhd
    - 40% Worldwide Landfills Sdn Bhd
  - 100% Chemquest (Overseas) Limited
    - 51% Beijing Kerry Veolia Waste Water Treatment Co. Ltd
  - 99.6% Malayan Adhesives & Chemicals Sdn Bhd
  - 70% Products Manufacturing Sdn Bhd
- 100% PPB Corporate Services Sdn Bhd
- 100% Masuma Trading Co Ltd
- 100% Affluence Trading Sdn Bhd
- 18.3% Wilmar International Limited

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Datuk Oh Siew Nam
Chairman

Mr Lim Soon Huat
Managing Director

Mr Soh Chin Teck
Independent Non-executive Director

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

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

Mr Ong Hung Hock
Non-independent Non-executive Director

AUDIT COMMITTEE
Mr Soh Chin Teck
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

Mr Ong Hung Hock

Mr Soh Chin Teck

REMUNERATION COMMITTEE
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Datuk Oh Siew Nam

COMPANY SECRETARY
Mr Mah Teck Keong

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

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

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

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

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
(Main Market)
Sector : Consumer Products
Stock Name : PPB
Stock Number : 4065
ISIN : MYL4065OO008
Reuters Code : PEPT.KL

PPB'S CORPORATE EVENTS
AND INVESTOR RELATIONS ACTIVITIES IN 2012

06 MARCH 2012

A Press and Analyst Briefing was held to review the financial results for the year ended 31 December 2011 and other matters.

24 MAY 2012

The 43rd Annual General Meeting (AGM) of PPB was held to receive the audited financial statements for the year ended 31 December 2011 and approve other related AGM matters.

12 SEPTEMBER 2012

Release of e-Investor Update for the 2nd Quarter ended 30 June 2012.

10 DECEMBER 2012

Release of e-Investor Update for the 3rd Quarter ended 30 September 2012.

14 MARCH 2012

Release of e-Investor Update for the 4th Quarter ended 31 December 2011.

07 JUNE 2012

Release of e-Investor Update for the 1st Quarter ended 31 March 2012.

11 DECEMBER 2012

A directors' training session was held and topics included "Key provisions in the proposed Companies Bill"; "The Malaysian Code on Corporate Governance 2012 – Practical challenges for directors of listed companies"; "Highlights of new legislations, viz the Minimum Retirement Age Act 2012, the Minimum Wages Order 2012, the Personal Data Protection Act 2010 and Section 114A of the Evidence Act 1950"; "Social media – Opportunity or threat?"; and "How safe are you?"

27 APRIL 2012

Release of PPB's 2011 Annual Report and Investor Handbook.

05 SEPTEMBER 2012

A Press and Analyst Briefing was held to review the financial results for the six months ended 30 June 2012 and other matters.

FINANCIAL CALENDAR

FINANCIAL YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012

RESULTS

1st Quarter ended 31 March 2012	Announced on	24-May-12
2nd Quarter ended 30 June 2012	Announced on	29-Aug-12
3rd Quarter ended 30 September 2012	Announced on	26-Nov-12
4th Quarter ended 31 December 2012	Announced on	27-Feb-13

DIVIDENDS

Interim Single Tier Dividend of 7 sen per share	Declared on	29-Aug-12
	Entitlement Date on	13-Sep-12
	Paid on	28-Sep-12
Proposed Final Single Tier Dividend of 13 sen per share	Announced on	27-Feb-13
	Entitlement Date on	17-May-13
	Payable on	03-Jun-13

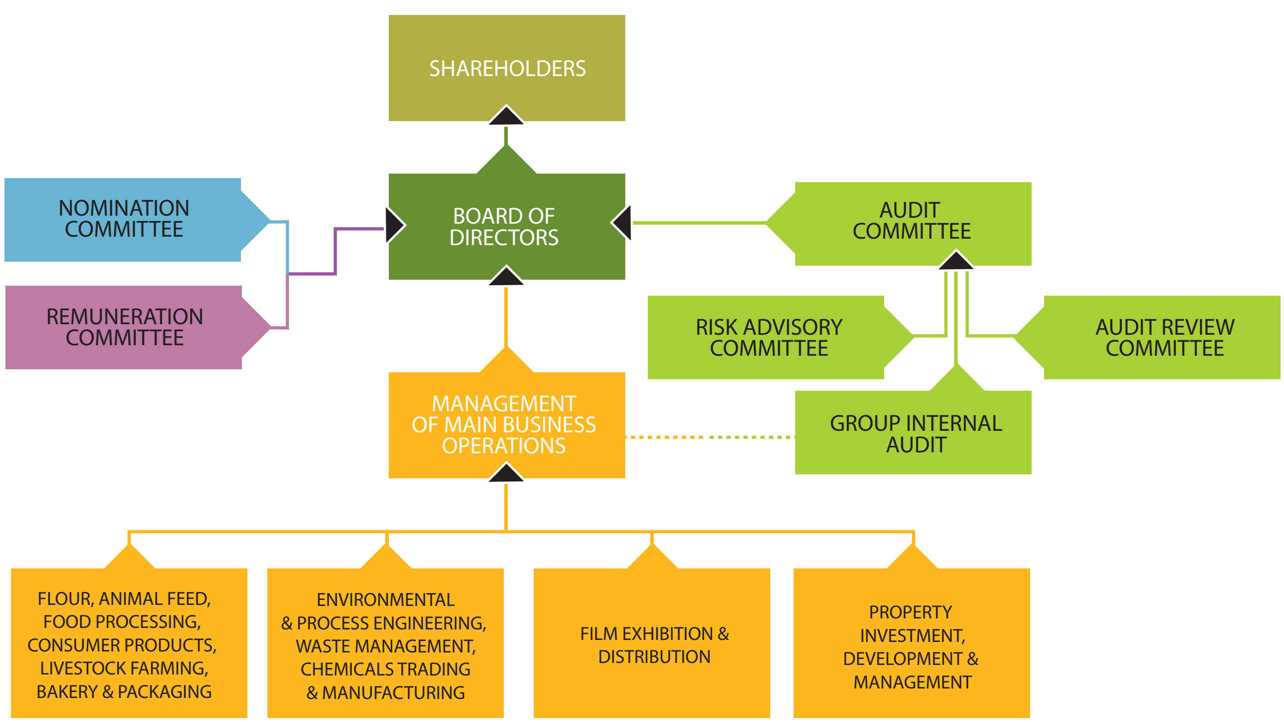
The Board of Directors of PPB Group Berhad is committed to maintaining a high standard of corporate governance and ensuring that effective self-regulatory controls exist throughout PPB and its subsidiaries ("the Group") to safeguard the Group's assets. The Board especially recognizes that good corporate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

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

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

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

CORPORATE GOVERNANCE STRUCTURE



CLEAR ROLES AND RESPONSIBILITIES

BOARD RESPONSIBILITIES AND DUTIES

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

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

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

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

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

BOARD CHARTER

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

BOARD COMPOSITION

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

Recommendation 3.5 of MCCG 2012 states that where the Chairman of the Board is not an independent Director, the board must comprise a majority of independent directors. Although PPB has departed from Recommendation 3.5, the Board believes that the interests of shareholders are better served by a Chairman and a team of Board members who act collectively in the best overall interests of shareholders.

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

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

RE-ELECTION OF DIRECTORS

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

BOARD COMMITTEES

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

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

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

Audit Committee

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

Nomination Committee

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

The Nomination Committee comprises three non-executive Directors of whom two are independent. They are YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman), Mr Ong Hung Hock and Mr Soh Chin Teck.

Decisions on Board appointments are made by the Board after considering the Committee's assessment of the candidate and recommendation thereon. During the financial year ended 31 December 2012, the Nomination Committee held three meetings.

Remuneration Committee

Responsibilities
- To review the remuneration packages of executive Directors.
- To recommend the executive Directors' remuneration based on their performance and in line with corporate objectives.

The members of this Committee are Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman and independent Director) and Datuk Oh Siew Nam. The Board is of the opinion that the present composition of the Remuneration Committee is able to carry out its responsibilities under its terms of reference. During the financial year ended 31 December 2012, the Remuneration Committee held three meetings.

BOARD MEETINGS

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

During the financial year ended 31 December 2012, the Board met four times and the record of the attendance of each Director is set out below :

Name of Director	Attendance	% of attendance
Datuk Oh Siew Nam	4	100
Lim Soon Huat	4	100
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4	100
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	4	100
Ong Hung Hock (Appointed on 1 July 2012)	2	100
Soh Chin Teck (Appointed on 8 October 2012)	1	100
Tan Gee Sooi (Retired on 1 July 2012)	2	100
Dato Sri Liang Kim Bang (Passed away on 23 August 2012)	1	50

SUPPLY OF INFORMATION

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

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

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

STRENGTHEN COMPOSITION

The Board strives to achieve a balance of skills, experience, diversity and perspective among its Directors.

The Nomination Committee conducts an annual review of the size and composition of the Board, taking into consideration the required mix of skills, competencies and experience relevant to the business of PPB Group.

An assessment of the Board's performance is carried out every year, including the Independent Directors' performance. For the year under review, the Board is satisfied with the existing number and composition of its members and is of the view that with the current mix of skills, knowledge, experience and strengths, the Board is able to discharge its duties and responsibilities effectively.

DIRECTORS' REMUNERATION

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

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

The details of the Directors' remuneration on a Group basis for the financial year ended 31 December 2012 are as follows :

All figures in RM'000	Executive Directors	Non-executive Directors
Salary	2,370	-
Fees	78	184
Meeting allowance	7	16
Gratuity	2,700	-
Bonus	4,400	-
Benefits-in-kind	84	-
Employees Provident Fund	907	-
Total	10,546	200

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

	Executive Directors	Non-executive Directors
Up to RM50,000	-	1
RM50,001 – RM100,000	-	3
RM1,000,001 – RM1,050,000	1	-
RM1,750,001 – RM1,800,000	-	1
RM3,100,001 – RM3,150,000	1	-
RM4,600,001 – RM4,650,000	1	-

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

REINFORCE INDEPENDENCE

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

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

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

The Independent Directors provide broader views, and an independent and balanced assessment of proposals. The Board has appointed YM Raja Dato' Seri Abdul Aziz bin Raja Salim as the Senior Independent Non-executive Director of the Board to whom concerns of the Group may be conveyed.

CONFLICT OF INTEREST

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

FOSTER COMMITMENT

COMMITMENT BY THE BOARD

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

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.

The Directors have access to continuing educational or training courses and seminars to keep abreast with market and regulatory developments. An in-house training session for directors and senior management was also held during the financial year ended 31 December 2012. The topics selected are based on subjects which are relevant to the Group, and included the following :

- Key provisions in the proposed Companies Bill.
- The Malaysian Code on Corporate Governance 2012 – Practical challenges for directors of listed companies.
- Highlights of new legislations, viz the Minimum Retirement Age Act 2012, the Minimum Wages Order 2012, the Personal Data Protection Act 2010 and Section 114A of the Evidence Act 1950.
- Social media – Opportunity or threat?

All the Directors attended the above session and/or other training sessions conducted externally.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

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

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

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

The Audit Committee has on 29 August 2012 adopted a set of "Policies and Procedures to Assess the Suitability and Independence of External Auditors".

RECOGNISE AND MANAGE RISKS

INTERNAL CONTROL

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

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

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

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

INSIDER TRADING

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

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

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

INVESTOR RELATIONS PROGRAMME

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

i. **Sources of Information**
The principal sources of information disseminated by the Company during the year include :

- PPB's annual report which aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review.

- Quarterly Investor Updates designed as e-newsletters are posted at its corporate website. The Investor Update contains financial results, reports and articles on the Group's operations as well as significant events during the quarter under review.

- The Investor Handbook published annually provides an overview of the Group's operations and serves as a convenient reference guide.

- News releases to announce financial results and important events relating to the Group via the local media and the company website.

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

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

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

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

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

iii. **Queries and Feedback**

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

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

1. YM Raja Dato' Seri Abdul Aziz bin Raja Salim, Senior Independent Non-executive Director
   Telephone number : 03-27260088
   Facsimile number : 03-27260099

2. Koh Mei Lee, Senior Manager (Corporate Affairs)
   Telephone number : 03-27260088
   Facsimile number : 03-27260198
   E-mail address : corporateaffairs@ppb.com.my

Datuk Oh Siew Nam
Chairman

Soh Chin Teck
Independent Non-executive Director

27 February 2013

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee ("AC") during the financial year ended 31 December 2012 comprised the following Directors :

Name of AC member	Membership	Directorship
Soh Chin Teck (Appointed on 8 October 2012)	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
Dato Sri Liang Kim Bang (Passed away on 23 August 2012)	Chairman	Independent Non-executive

TERMS OF REFERENCE

The terms of reference of the AC are summarized as follows :

(1) review the following and report the same to the Board of Directors of the Company :

a. with the external auditors, the audit plan, their evaluation of the system of internal control and their audit report;

b. the assistance given by the employees of the Company to the external auditors;

c. the adequacy of the scope, functions, performance, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

d. the internal audit programme, processes including investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

e. the quarterly results and year-end financial statements, prior to approval by the Board of Directors.

f. any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

g. any letter of resignation from the external auditors of the Company; and

h. whether there is reason to believe that the Company's external auditors are not suitable for re-appointment;

(2) recommend the nomination of a person(s) as external auditors;

(3) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from them to confirm that they are and have been independent throughout the conduct of the audit engagement; and

(4) establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into with the external auditors and procedures that they must follow.

MEETINGS

The number of meetings of the AC held during the financial year ended 31 December 2012 and details of attendance of each committee member are as follows :

Name of AC member	Number of Audit Committee Meetings	
	Held	Attended
Soh Chin Teck (Appointed on 8 October 2012)	1	1
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4	4
Dato' Capt Ahmad Sufian @ Qurnain Bin Abdul Rashid	4	4
Dato Sri Liang Kim Bang (Passed away on 23 August 2012)	2	2

ACTIVITIES

During the financial year ended 31 December 2012, the AC performed the duties specified in its terms of reference. In performing its duties, the AC inter-alia :

1. reviewed with Mazars the audit plan, the audit report, their evaluation of the system of internal control and the assistance given by the Group's officers to them;
2. reviewed with the internal auditors their audit reports, approved their audit plan, scope and audit approach 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 Mazars for re-appointment as external auditors; and
8. visited the head offices of CWM Group Sdn Bhd and Golden Screen Cinemas Sdn Bhd, two of the Group's subsidiaries.

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 2012 was RM1.61 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 2012, 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, ensure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations.

Soh Chin Teck
Chairman
(Independent Non-executive Director)

27 February 2013

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

3. Control activities

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

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

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

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

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

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

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

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

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

27 February 2013

CORPORATE SUSTAINABILITY STATEMENT

CORPORATE RESPONSIBILITY HAS ALWAYS BEEN PART OF PPB GROUP'S VALUES, GUIDING US IN DECISION-MAKING AND OPERATIONS. IT IS IMPORTANT FOR US TO ACHIEVE BUSINESS SUCCESS IN WAYS THAT HONOUR OUR ETHICAL PRINCIPLES AND DEMONSTRATE RESPECT FOR PEOPLE AND THE PLANET. IN TODAY'S COMPETITIVE BUSINESS ENVIRONMENT, OUR EFFORTS HAVE EVOLVED AND TAKEN ON A PROGRESSIVELY STRATEGIC APPROACH, AND IT HELPS US MANAGE AND CREATE WORTH FOR THE COMPANY.

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

This Corporate Sustainability Statement outlines PPB Group's positions and actions to promote these goals in 2012.

ENVIRONMENT

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

We understand the importance of conserving natural resources and strive to make environmental improvements that promote a sustainable future.

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

PPB Group's environmental commitment includes :-

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

1 RECYCLE, REDUCE AND REUSE

PPB Group seeks to minimize the generation of waste by encouraging the 3Rs. During the head office move in August 2012, PPB reused some of its old furniture and donated old computers and furniture to welfare homes.

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.

2 ENERGY CONSERVATION

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

3 ELECTRONIC PUBLICATIONS

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 second quarter of 2009 as shareholders are encouraged to view the quarterly publication from PPB's website.

5 " EVERYDAY IS EARTH DAY "

PPB Group raises environmental awareness through organizing events themed "**Everyday is Earth Day**" for its employees and family members. On 17 March 2012, the employees of PPB Group and families together with employees of Majlis Daerah Kuala Selangor and Global Environment Centre, an NGO, gathered at Pantai Remis in Kuala Selangor for a beach clean-up. More than half a tonne of rubbish was collected and sorted by the volunteers. PPB also contributed an "interpretative signboard" and two sets of recycling bins for the beach.

PPB Group employees also participated in the Zoo Volunteer Programme on 1 December 2012 at Zoo Negara where the employees assisted zoo-keepers in the cleaning, food preparation and animal behavioural enrichment activities. To beautify the zoo, PPB also sponsored a "Heliconia Walk" and assisted in the planting of heliconias at designated areas.

4 GOING TICKETLESS

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

WORKPLACE

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

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

1 BENEFITS

To provide a rewarding and supportive working environment for its 3,700 employees, the Group encourages continual professional and personal development of staff through various training programmes, workshops and seminars. 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 get-togethers during the year.

2 SMOKE-FREE WORKPLACE

Smoking is not permitted in the offices, corridors, restrooms or other locations inside the PPB Group's office premises.

3 NO HARRASSMENT

PPB is committed to providing a workplace free from gender discrimination and sexual harassment as well as discrimination and harassment based on race, colour, gender, national origin, marital status, religion, creed or others as protected by law. PPB does not tolerate such discrimination against or harassment of its employees.

4 PPB HEALTH AND FITNESS PROGRAMME

On 17 October 2012, PPB launched a walking and running club for its employees known as "PPB WaR Club" with the aim of bringing PPB Group employees together for a common interest whilst promoting health and fitness. PPB has also organized full body conditioning sessions with an external fitness trainer for its employees, who are also given incentives to encourage their continued participation in the club.

COMMUNITY

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

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

1 PPB-KF WELFARE FUND FOR PERLIS

PPB established an endowment fund known as the "PPB-KF Welfare Fund for Perlis" in 2010. The Fund of RM10.0 million is managed by Kuok Foundation Berhad, and is utilized to benefit the underprivileged and poor in the state of Perlis and improve their welfare. In 2012, the Fund gave away school uniforms, shoes, socks and school bags complete with stationery sets under the "Educare Project" to poor school-children from Perlis.

2 FESTIVAL CELEBRATIONS

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

PPB celebrated Chinese New Year (CNY) with the senior citizens of Sungei Way Old Folks Home located in Petaling Jaya with a buffet lunch followed by the making of CNY lanterns to decorate the home. In conjunction with the Hari Raya Aidilfitri celebration, PPB took 41 children from Rumah Kebajikan Baitul Hidayah, Puchong to Aquaria KLCC followed by lunch. Deepavali was celebrated at Tara Bhavan in Kuala Lumpur where the children were given new clothes and schoolbags. Games and a buffet lunch were also organized for them. Not forgetting the refugees, PPB celebrated Christmas with Myanmarese refugee children at United Learning Centre in Jalan Imbi, Kuala Lumpur with lunch, games and Christmas gifts.

PPB donated products manufactured by FFM Group to the above homes and throughout the year, the Group also donated its products to various welfare homes to help relieve their expenses.

3 "BACK TO SCHOOL" PROJECT

PPB gave away school uniforms complete with school shoes, socks and whiteners to poor students from 14 schools in Sentul and Sungai Buloh under the "Back To School" project.

4 "SUDS & SOAP, CLEAN OUR CLOTHES" PROJECT

PPB donated 1,500 packs of concentrated laundry detergent manufactured by the Group to 20 welfare homes for orphans, old folks and the disabled in the Klang Valley. The "Suds & Soap, Clean our Clothes" project was aimed to help homes to save on laundry expenses and enable the residents to enjoy fresh clean clothes.

5 25TH PJ HALF MARATHON

To encourage health and fitness amongst PPB staff in addition to contributing to a charitable cause, a total of 202 PPB Group staff and family members participated in the 25th PJ Half Marathon themed "Run Because You Can". PPB also contributed cash towards the Run which was channelled to welfare homes for the physically challenged.

GSC was the Presenter for the Run and they brought fun to the event with mascot appearances and costumed characters to participate in the 3-km Fun Run. FFM Group contributed Massimo Fun Buns by The Italian Baker Sdn Bhd and V-soy drinks to all participants and supporters.

7 AWARENESS OF ARTS AND CULTURE THROUGH FILM FESTIVALS

In support of the arts, GSC jointly organized film festivals with various foreign embassies to hold the Japanese Film Festival, European Union Film Festival, Latin American Film Festival, Argentine Film Festival, Hong Kong Film Festival, French Film Festival and others to encourage and increase public awareness of the arts and cultures of other countries.

6 SENIOR CITIZENS, WE APPRECIATE YOU

Free movie screenings are organized for senior citizens at GSC cinemas to show appreciation and encourage senior citizens to maintain an active and varied lifestyle.

MARKETPLACE

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

1 KEEPING STAKEHOLDERS INFORMED

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

2 QUALITY PRODUCTS

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

4 MEMBERSHIP IN ASSOCIATIONS

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

3 CUSTOMER SERVICE

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

ADDITIONAL COMPLIANCE INFORMATION

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

1. NON-AUDIT FEES

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

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

2. SANCTIONS AND/OR PENALTIES

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

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

3. MATERIAL CONTRACTS

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

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

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

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

*FFM is an 80%-subsidiary of PPB.

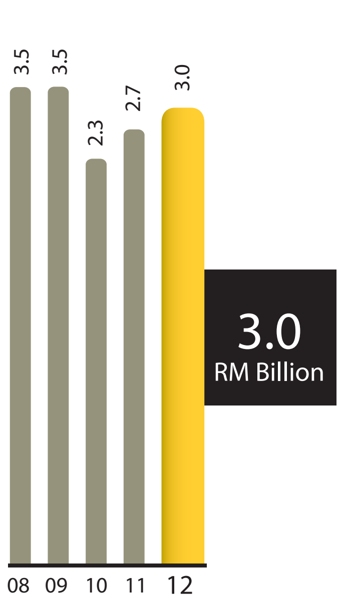
PASSION

Exceeding expectations
and delivering excellence.

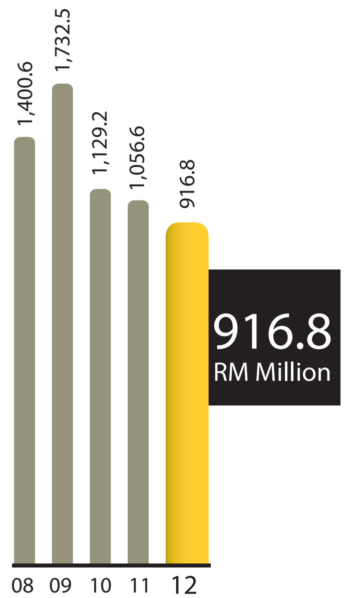
02 THE FINANCIALS

5-YEAR GROUP FINANCIAL STATISTICS

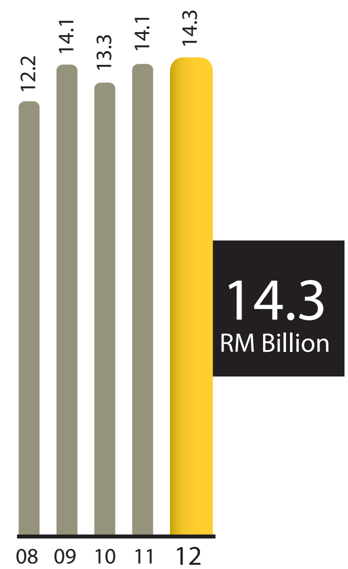
Year Ended 31 December		2008	2009	2010	2011	2012
Revenue	*RM Million*	3,527.026	3,460.744	2,274.155	2,710.539	**3,017.926**
Share of net profits less losses of associates	*RM Million*	937.942	1,231.922	772.053	814.620	**712.545**
Profit before tax	*RM Million*	1,400.642	1,732.477	1,129.233	1,056.580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



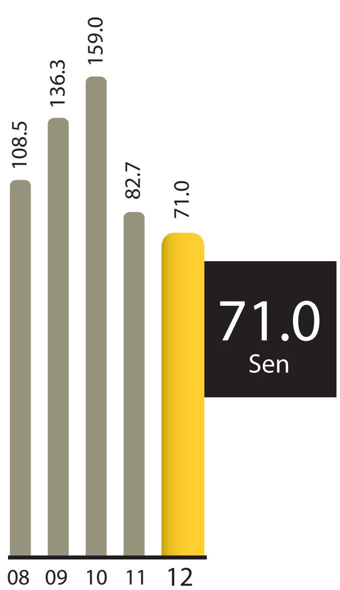
Revenue



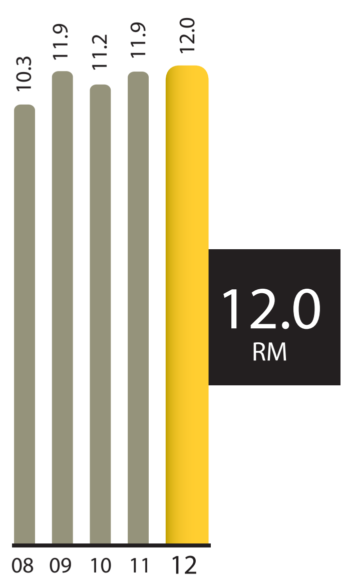
Profit Before Tax



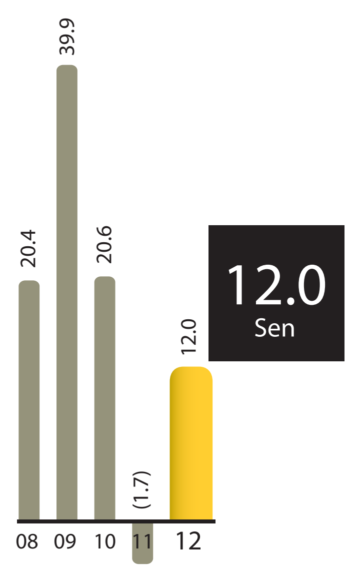
Equity Attributable To Owners Of The Parent



Earnings Per Share



Net Assets Per Share Attributable To Owners Of The Parent

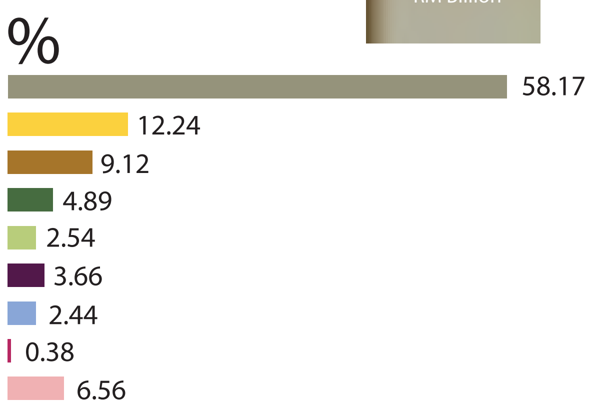


Operating Cash Flow Per Share

SEGMENTAL ANALYSIS

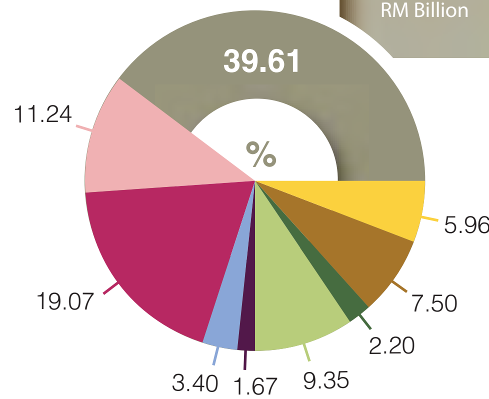
Revenue

3.018
RM Billion



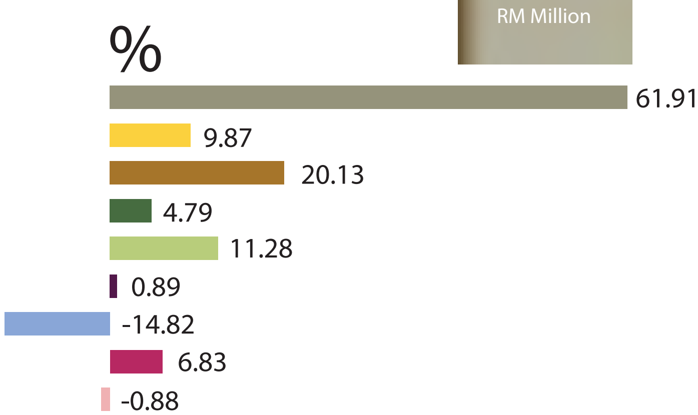
Assets

3.238
RM Billion



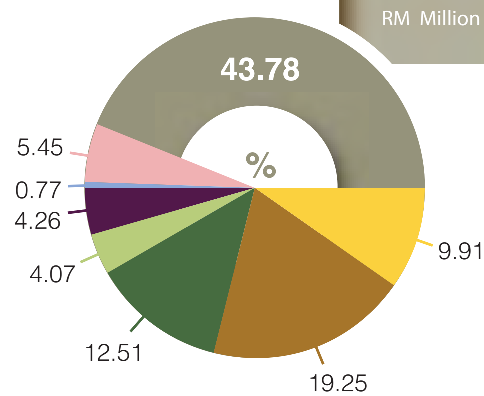
Profits

198.0
RM Million



Liabilities

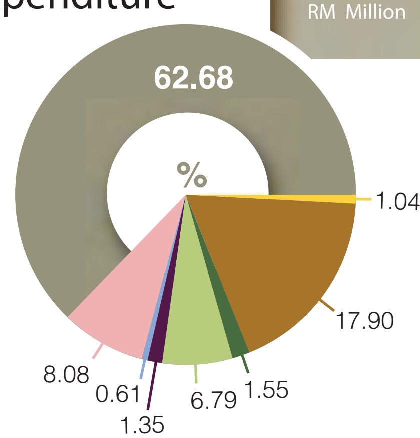
351.0
RM Million



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

Capital Expenditure

194.9
RM Million



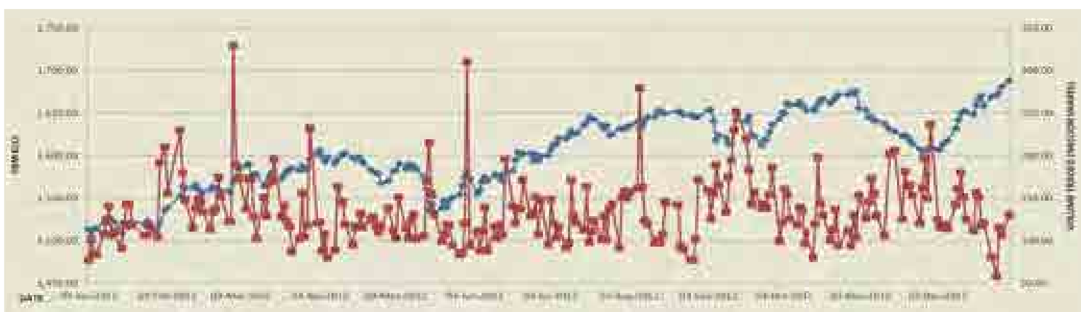
INFORMATION ON FTSE BURSA MALAYSIA KUALA LUMPUR COMPOSITE INDEX (FBM KLCI) AND PPB'S SHARE PRICE

PPB SHARE PRICE & VOLUME TRADED FOR YEAR 2012

PPB Close (last traded)
Volume (last traded)

FBM KLCI AND VOLUME TRADED FOR YEAR 2012

FBM KLCI
Volume (last traded)



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

SHARE PERFORMANCE

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

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

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

[Source: Bank Negara Malaysia, Annual Report 2012]

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

GROUP CASH FLOWS

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

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

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

GROUP BANK BORROWINGS

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

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

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

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

GROUP CAPITAL EXPENDITURE

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

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

DIVIDENDS

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

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

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

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

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

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

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

DIRECTORS

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

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

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

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

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

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

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

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

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

Interest in subsidiary – Tego Sdn Bhd

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

Interest in holding company – Kuok Brothers Sdn Berhad

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

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

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

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

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

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

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

INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

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

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

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

SIGNIFICANT EVENTS DURING THE YEAR

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

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

Both the above acquisitions have been completed.

ULTIMATE HOLDING COMPANY

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

AUDITORS

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

On behalf of the Board

DATUK OH SIEW NAM	SOH CHIN TECK
Chairman	Director

Kuala Lumpur
29 March 2013

BRAND

Building goodwill and
trust through quality
and choice.

03 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

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

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

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

Auditors' Report - Pages 179 to 181

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

Auditors' Report - Pages 179 to 181

AS AT 31 DECEMBER 2012

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

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

Auditors' Report - Pages 179 to 181

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

Auditors' Report - Pages 179 to 181

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

Auditors' Report - Pages 179 to 181

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

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

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

2.3 Standards issued that are not yet effective

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

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

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

FRS 9 – Financial Instruments

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

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

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

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

Malaysian Financial Reporting Standards ("MFRS")

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

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

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

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

2.4 Significant accounting estimates and judgements

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

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

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

Critical judgement made in applying accounting policies

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

Classification of investment properties and owner-occupied properties

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

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

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

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

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

Revenue recognition of property development activities and engineering contracts

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

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

Allowance for doubtful debts

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

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

Deferred tax assets

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

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

Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment and investment properties

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

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

Impairment loss and write down of inventories

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

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

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

Impairment of goodwill

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

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

Impairment of investments in subsidiaries, associates and jointly controlled entities

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

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

2.5 Subsidiaries

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

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

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

2.6 Basis of consolidation

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

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

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

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

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

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

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

2.7 Associates

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

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

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

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

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

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

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

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

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

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

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

2.8 Jointly controlled entities

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

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

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

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

2.9 Property, plant and equipment

Measurement basis

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

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

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

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

Depreciation

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

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

The principal annual rates used for this purpose are:

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

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

2.10 Investment properties

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

<u>Measurement basis</u>

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.

<u>Depreciation</u>

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

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

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

2.11 Biological assets

Biological assets comprise primarily livestock and oil palms.

2.11.1 Livestock

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

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

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

2.11.2 Oil palms

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

2.12 Development properties

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

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

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

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

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

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

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

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

2.13 Leases

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

2.13.1 Finance lease

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

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

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

2.13.2 Operating lease

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

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

2.14 Intangible assets

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

2.14.1 Goodwill

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

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

2.14.2 Computer software and film rights

Measurement basis

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

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

Amortisation

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

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

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

2.15 Financial instruments

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

2.15.1 Initial recognition and measurement

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

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

2.15.2 Financial instrument categories and subsequent measurement

Financial assets

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

Regular way purchase or sale of financial assets

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

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

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

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

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

Financial liabilities

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

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

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

2.15.3 Derecognition of financial assets and liabilities

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

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

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

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

2.15.4 Derivative financial instruments and hedging

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

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

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

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

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

Cash flow hedge

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

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

2.16 Engineering contracts

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

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

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

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

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

2.17 Inventories

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

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

2.18 Non-current assets held for sale and discontinued operations

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

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

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

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

2.19 Share capital

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

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

2.20 Income recognition

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

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

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

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

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

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

2.20.5 Interest income is recognised on a time proportion basis.

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

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

2.21 Foreign currencies

2.21.1 Functional currency

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

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

2.21.2 Transactions and balances in foreign currencies

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

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

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

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

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

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

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

2.21.3 Translation of foreign operations

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

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

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

2.22 Impairment of non-financial assets

2.22.1 Goodwill

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

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

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

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

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

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

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

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

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

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

2.23 Impairment of financial assets

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

2.23.1 Assets carried at amortised cost

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

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

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

2.23.2 Available-for-sale financial assets

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

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

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

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

2.24 Employee benefits

2.24.1 Short-term employee benefits

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

2.24.2 Post-employment benefits

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

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

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

2.24.3 Termination benefits

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

2.25 Borrowing costs

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

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

2.26 Taxation

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

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

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

(i) goodwill; or

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

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

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

2.27 Cash and cash equivalents

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

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

2.28 Segment reporting

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

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

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

3. REVENUE

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

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

4. COST OF SALES

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

5. FINANCE COSTS

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

6. PROFIT BEFORE TAX

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

6. PROFIT BEFORE TAX (continued)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Foreign exchange loss				
- realised	**6,495**	7,000	**1**	-
- unrealised	**14,355**	5,161	**-**	-
Fair value loss on derivative financial instruments	**13,560**	1,513	**-**	-
Fair value loss on financial assets at fair value through profit or loss	**-**	10,520	**-**	-
Loss on disposal of financial assets at fair value through profit or loss	**-**	1,617	**-**	-
Loss on disposal of available-for-sale financial assets	**-**	-	**195**	-
Impairment of property, plant and equipment	**1,060**	-	**-**	-
Loss on disposal of property, plant and equipment	**266**	286	**20**	-
Goodwill written off	**2**	2	**-**	-
Operating leases				
- minimum lease payments for land and buildings	**28,027**	24,806	**690**	386
- minimum lease payments for equipment	**764**	891	**-**	-
- contingent rent	**7,025**	8,121	**-**	-
Loss on strike off of a subsidiary	**-**	-	**1**	-
Land held for property development written off	**195**	-	**-**	-
Property, plant and equipment written off	**533**	451	**36**	4
Investment properties written off	**73**	-	**73**	-
Biological assets written down	**3,440**	-	**-**	-
Other intangible assets written off	**1**	4	**-**	-
Inventories written down	**1,756**	6,649	**-**	-
Deficit arising from liquidation of an associate	**-**	9	**-**	-
Loss on recognition of loans and receivables	**94**	-	**-**	99
and crediting:				
Gross dividends from unquoted subsidiaries in Malaysia	**-**	-	**250,256**	782,142

6. PROFIT BEFORE TAX (continued)

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

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

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

7. INCOME TAX EXPENSE

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

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

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

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

7. INCOME TAX EXPENSE (continued)

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

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

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

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

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

9. PROPERTY, PLANT AND EQUIPMENT

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

10. INVESTMENT PROPERTIES

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

10. INVESTMENT PROPERTIES (continued)

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

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

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

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

11. BIOLOGICAL ASSETS

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

12. LAND HELD FOR PROPERTY DEVELOPMENT

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

13. GOODWILL

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

Impairment testing of goodwill

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

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

Film exhibition and distribution

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

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

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

13. GOODWILL (continued)

Sensitivity to changes in assumptions

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

14. OTHER INTANGIBLE ASSETS

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

14. OTHER INTANGIBLE ASSETS (continued)

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

15. INVESTMENTS IN SUBSIDIARIES

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

The subsidiaries are listed in note 55.

16. INVESTMENTS IN ASSOCIATES

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

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

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

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

The associates are listed in note 56.

17. INVESTMENT IN JOINTLY CONTROLLED ENTITY

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

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

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

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

The jointly controlled entity is listed in note 57.

18. OTHER INVESTMENTS

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

19. DEFERRED TAX ASSETS

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

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

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

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

19. DEFERRED TAX ASSETS (continued)

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

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

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

Amount due from a subsidiary included under non-current assets

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

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

Amounts due from subsidiaries included under current assets

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

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

Amounts due to subsidiaries included under current liabilities

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

21. INVENTORIES

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

22. PROPERTY DEVELOPMENT COSTS

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

23. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

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

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

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

24. TRADE RECEIVABLES

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

The currency exposure profile of trade receivables is as follows:

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

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

25. AMOUNTS DUE FROM/TO ASSOCIATES

Amounts due from associates included under current assets

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

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

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

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

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

Amounts due to associates included under current liabilities

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

26. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

27. DEPOSITS

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

The currency exposure profile of deposits is as follows:

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

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

28. CASH AND BANK BALANCES

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

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

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

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

29. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

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

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

The assets classified as held for sale are as follows:

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

30. SHARE CAPITAL

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

31. OTHER NON-DISTRIBUTABLE RESERVES

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

Details of the capital reserve are as follows:

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

32. LONG-TERM BANK BORROWINGS

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

33. HIRE PURCHASE LIABILITIES

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

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

34. DEFERRED TAX LIABILITIES

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

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

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

35. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

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

35. TRADE PAYABLES (continued)

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

36. OTHER PAYABLES AND ACCRUALS

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

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

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

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

37. SHORT-TERM BORROWINGS

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

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

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

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

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

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

38. BANK OVERDRAFTS

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

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

39. EFFECT OF CHANGES IN GROUP STRUCTURE

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

40. TRANSFER OF RESERVES

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

41. DIVIDENDS

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

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

42. ACQUISITION OF SHARES IN SUBSIDIARIES

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

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

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

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

** Represents RM2*

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

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

42. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

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

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

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

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

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

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

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

43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

44. LIQUIDATION OF SUBSIDIARIES

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

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

An analysis of the liquidation is as follows:

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

45. RELATED PARTY DISCLOSURES

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

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

45. RELATED PARTY DISCLOSURES (continued)

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

Significant outstanding balances with related parties were as follows:

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

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

(b) Key management personnel compensation

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

46. EMPLOYEE BENEFITS EXPENSE

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

47. CONTINGENT LIABILITIES

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

48. CAPITAL COMMITMENTS

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

49. OPERATING LEASE COMMITMENTS

The Group as lessee

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

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

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

The Group as lessor

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

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

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

50. SEGMENTAL REPORTING

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

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

(a) By business segment

The Group's operations comprise the following reportable segments:

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

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

50. SEGMENTAL REPORTING (continued)

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

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

50. SEGMENTAL REPORTING (continued)

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

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

50. SEGMENTAL REPORTING (continued)

(b) By geographical segment

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

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

51. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

51. FINANCIAL INSTRUMENTS (continued)

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

51. FINANCIAL INSTRUMENTS (continued)

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

(b) Fair value of financial instruments

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

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

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

51. FINANCIAL INSTRUMENTS (continued)

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

Other investments

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

Derivatives

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

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

Other non-derivative financial instruments

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

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

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

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

51. FINANCIAL INSTRUMENTS (continued)

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

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

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

(a) Foreign currency exchange risk

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

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

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

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

(b) Interest rate risk

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

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

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

(c) Price risk

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

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

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

(d) Credit risk

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

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

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

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

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

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

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

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

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

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

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk

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

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

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

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

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

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

53. CAPITAL MANAGEMENT

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

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

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

Total borrowings to capital ratio was as follows:

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

54. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

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

55. SUBSIDIARIES

The subsidiaries are as follows:

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

55. SUBSIDIARIES (continued)

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

55. SUBSIDIARIES (continued)

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

55. SUBSIDIARIES (continued)

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

55. SUBSIDIARIES (continued)

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

* Subsidiaries not audited by Mazars

56. ASSOCIATES

The associates are as follows:

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

56. ASSOCIATES (continued)

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

56. ASSOCIATES (continued)

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

* Associates not audited by Mazars

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

56. ASSOCIATES (continued)

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

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

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

57. JOINTLY CONTROLLED ENTITY

The jointly controlled entity is as follows:

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

* Jointly controlled entity not audited by Mazars

SUPPLEMENTARY INFORMATION

Realised and unrealised profits/(losses)

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

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

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

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

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

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

On behalf of the Board

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM
Director

LIM SOON HUAT
Director

Kuala Lumpur
29 March 2013

STATUTORY DECLARATION

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

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

LEONG CHOY YING

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

Before me,

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

Report on the Financial Statements

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

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

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

Other Matters

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

MAZARS
No. AF: 1954
Chartered Accountants

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

Kuala Lumpur
29 March 2013

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

PEOPLE

Bridging boundaries and connecting with communities.

PASSION

Exceeding expectations and delivering excellence.

BRAND

Building goodwill and trust through quality and choice.

04 THE PROPERTIES & SHAREHOLDINGS

PROPERTIES OWNED BY PPB GROUP BERHAD
AND ITS SUBSIDIARIES

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

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

PROPERTIES OWNED BY PPB GROUP BERHAD
AND ITS SUBSIDIARIES

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

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

PROPERTIES OWNED BY PPB GROUP BERHAD
AND ITS SUBSIDIARIES

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

STATEMENT OF SHAREHOLDINGS

AS AT 22 March 2013

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

DISTRIBUTION OF SHAREHOLDINGS

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

DIRECTORS' INTERESTS IN SHARES

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

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

SUBSTANTIAL SHAREHOLDERS

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

THIRTY LARGEST SHAREHOLDERS

(as per Record of Depositors)

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

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

GROUP CORPORATE DIRECTORY

ANIMAL FEED MANUFACTURING A

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

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

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

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

BAKERY B

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

CHEMICALS MANUFACTURING C

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

CINEMA OPERATIONS

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

CONSUMER PRODUCTS DISTRIBUTION

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

CONTRACT MANUFACTURING

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

FILM DISTRIBUTION F

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

FLOUR MILLING

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

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

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

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

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

FOOD PROCESSING

F

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

IT SERVICES

I

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

LIVESTOCK FARMING

L

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

PLANTATIONS AND EDIBLE OILS

P

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

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

POLYBAG MANUFACTURING

P

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

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

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

PROPERTY INVESTMENT & DEVELOPMENT

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

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

PROPERTY INVESTMENT & DEVELOPMENT

P

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

WASTE MANAGEMENT & ENVIRONMENTAL ENGINEERING

W

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

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

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

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

NOTICE OF
ANNUAL GENERAL MEETING

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

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

AS ORDINARY BUSINESS

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

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

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

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

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

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

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

AS SPECIAL BUSINESS

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

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

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

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

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

NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

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

A Depositor shall qualify for entitlement in respect of :

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

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

Kuala Lumpur
22 April 2013

Appointment of Proxy

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

EXPLANATORY NOTES

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

PPB GROUP BERHAD (8167-W)

FORM OF PROXY

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

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

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

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

of ....

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

of ....

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

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

My/Our proxy is to vote as indicated below :

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

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

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

First Proxy	%
Second Proxy	%
Total	100%
No. of shares held	

Signed this .... day of 2013

Signature

NOTES :

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

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

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

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

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

People Passion Brand

PPB GROUP BERHAD (8167-W)
12th Floor, UBN Tower, 10 Jalan P Ramlee,
50250 Kuala Lumpur, Malaysia
T 03-2726 0088 **F** 03-2726 0099
www.ppbgroup.com