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PPB GROUP BERHAD

ANNUAL REPORT 2018

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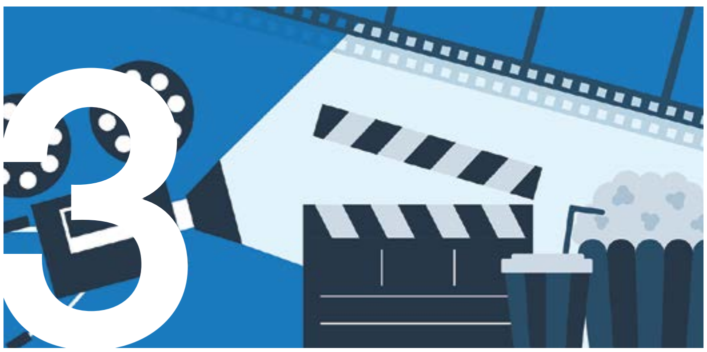
WHO WE ARE & WHAT WE DO

OUR PERFORMANCE REVIEW



CORPORATE GOVERNANCE

OUR APPROACH TO SUSTAINABILITY

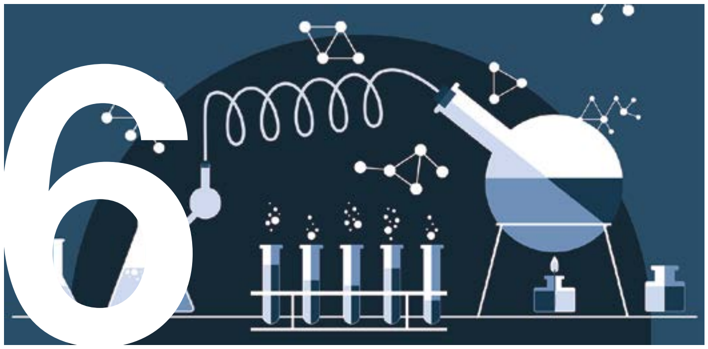
OTHER COMMUNICATION TOOLS

Corporate Website
For more information on PPB Group, please visit our corporate website.

https://www.ppbgroup.com/

Online Report
Scan this QR code for a direct link to our Annual Report online.

Or log on to
https://www.ppbgroup.com/investor-relations/annual-reports.php



FINANCIAL STATEMENTS

OTHER INFORMATION

OUR MISSION

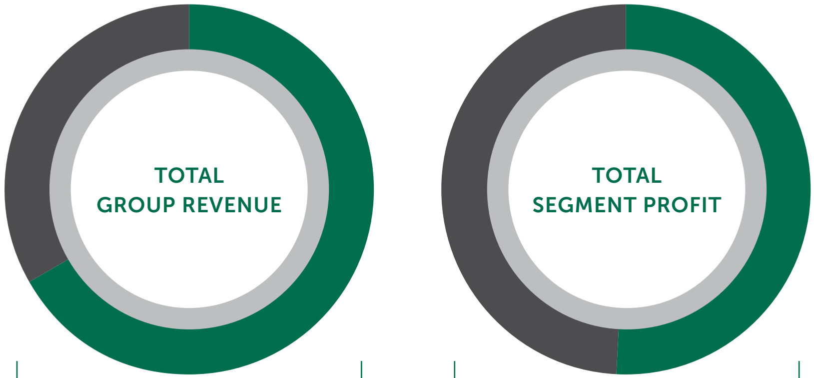
To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.

OUR VISION

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

GRAINS AND AGRIBUSINESS

CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2018



67%
RM3.15 BILLION

51%
RM126 MILLION

FLOUR MILLING

FFM Group operates five flour mills in Malaysia with a total milling capacity of 3,050 mt/day. Overseas, FFM Group operates two flour mills in Vietnam, and one each in Thailand and Indonesia. FFM Group also has 20% interest in nine associates in China engaged in flour milling.

ANIMAL FEED MILLING

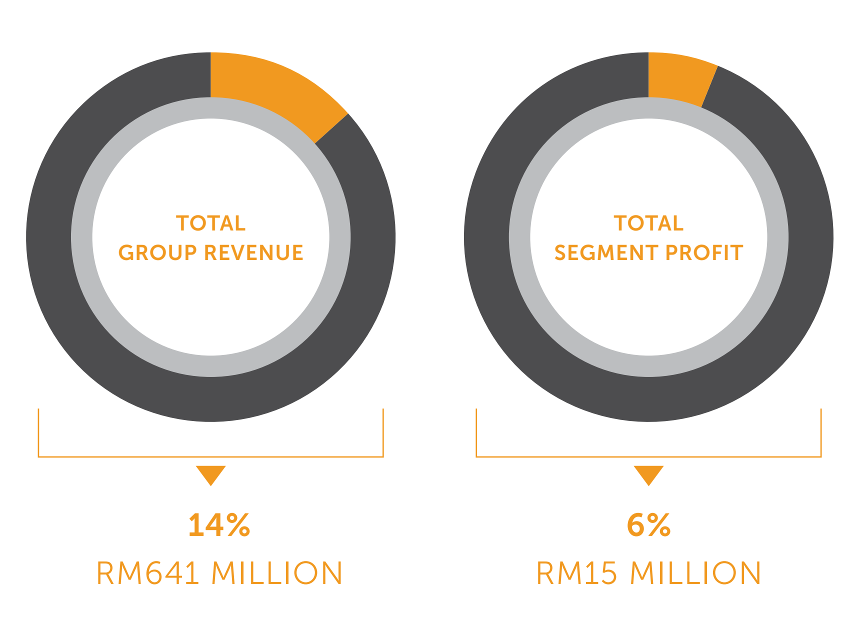
FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total production capacity of 67,000 mt/month.

LIVESTOCK FARMING

FFM Farms Sdn Bhd operates 2 broiler breeder farms with a combined production capacity of 3.25 million broiler chicks per month, and a layer farm with a monthly production capacity of 18.0 million eggs to complement the Group's animal feed milling operations.

CONSUMER PRODUCTS

CONTRIBUTION OF CONSUMER PRODUCTS IN 2018



CONSUMER PRODUCTS DISTRIBUTION

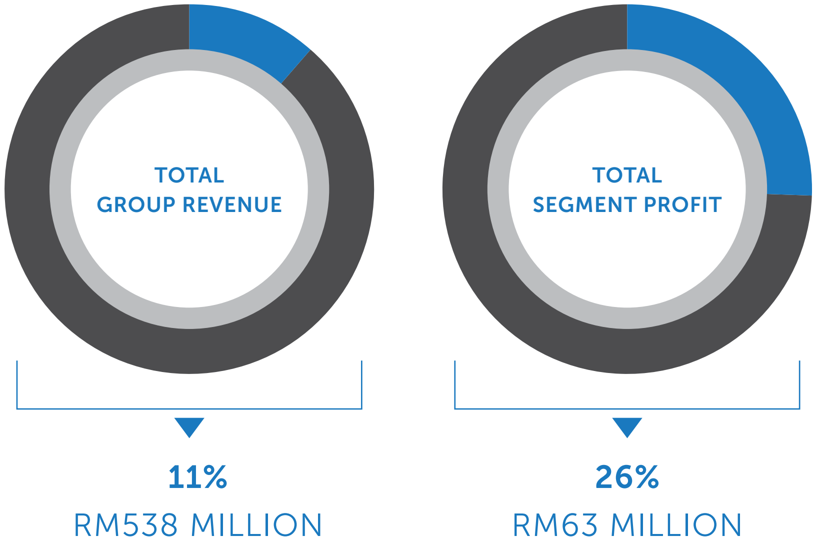
FFM Marketing Sdn Bhd (FMSB) has established a strong distribution network and currently distributes a wide range of fast-moving consumer goods under its own brands as well as other international and local brands. FMSB has 12 warehouses with a total warehousing capacity of 300,000 sq ft.

BAKERY

The Italian Baker Sdn Bhd operates a state-of-the art baking plant in Pulau Indah with three fully automated production lines using the latest American and European technology. The production lines comprise a 16,000 loaves-per-hour bread line; a 24,000 rolls-per-hour line and a 15,000 cakes-per-hour line.

FILM EXHIBITION AND DISTRIBUTION

CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2018



FILM EXHIBITION

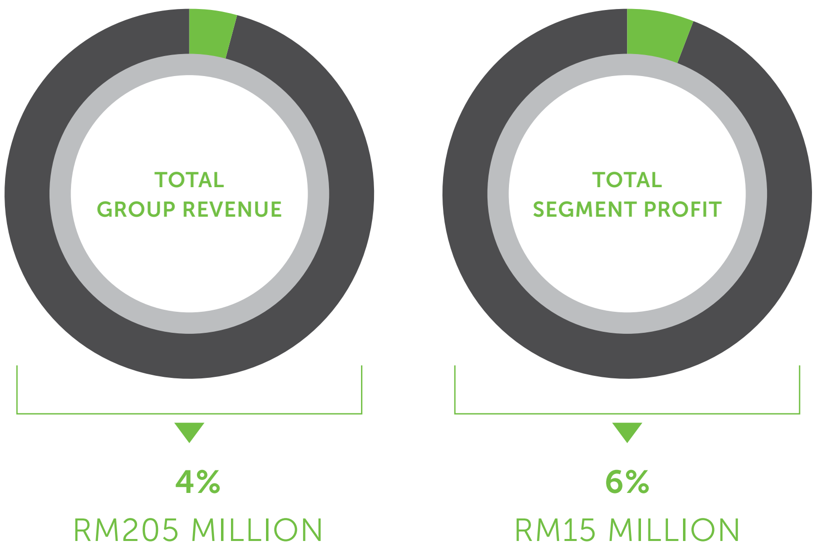
Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 344 screens totalling 55,784 seats at 36 locations in major cities nationwide. In Vietnam, the Group operates at 14 locations with a total of 89 screens and 14,107 seats.

FILM DISTRIBUTION

GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to television (pay TV & free TV), over-the-top (OTT) platform and hotel operators. It is the largest local distributor of Chinese, independent English and foreign language films, and distributes films to cinemas throughout Malaysia, Brunei, Vietnam, Myanmar and Cambodia. GSC Movies distributed a total of 93 films in 2018.

ENVIRONMENTAL ENGINEERING AND UTILITIES

CONTRIBUTION OF ENVIRONMENTAL ENGINEERING AND UTILITIES IN 2018



WATER ENGINEERING

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

SEWAGE TREATMENT

Design, construct, operate and maintain centralised sewage treatment plants and sludge treatment plants for the sewage authorities. Design and construct sewage network and network pumping stations.

SOLID WASTE MANAGEMENT

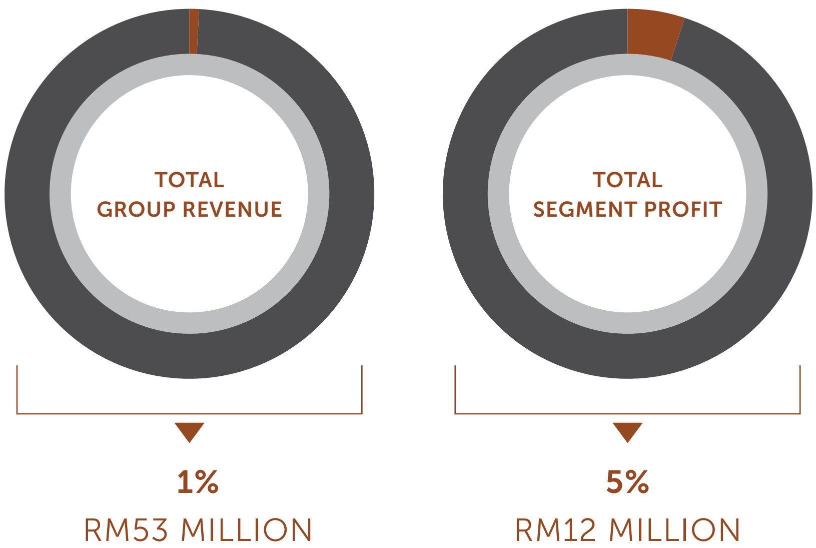
Collect and dispose commercial, industrial and residential wastes on a large scale for various corporate clients and municipalities. Member of the concessionaire operating sanitary landfills in Selangor.

FLOOD MITIGATION

Provide turnkey solutions for flood mitigation schemes.


PROPERTY

CONTRIBUTION OF PROPERTY IN 2018



INVESTMENT PROPERTIES

PPB owns and manages four retail/ commercial properties namely:

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

PROPERTY DEVELOPMENT

PPB Hartabina Sdn Bhd is engaged in property development. The latest development, Megah Rise, located in Taman Megah, Petaling Jaya is a mixed development comprising 228 condominium units and a retail podium.

PROJECT MANAGEMENT

PPB Property Development Sdn Bhd provides project management services for property development projects under various PPB Group companies and affiliates. The major projects include:

- Southern Marina Residences in Iskandar Puteri, Johor
- Ponderosa Woods in Taman Molek, Johor Bahru
- The Linc in Ampang, Kuala Lumpur

CORPORATE PROFILE

PPB Group Berhad ("PPB") which was incorporated in 1968, is an investment holding and property investment company listed on the Main Market of Bursa Malaysia Securities Berhad, the Malaysian stock exchange. Today, PPB Group is a conglomerate with total assets and market capitalisation of RM23.2 billion and RM25.0 billion respectively as at 31 December 2018.

PPB is headquartered in Kuala Lumpur, Malaysia and we have operations in China, Vietnam, Indonesia, Thailand and Singapore with about 4,600 employees in the Malaysian operations.

Our businesses are principally divided into six business segments viz:

Grains and Agribusiness	Consumer Products	Film Exhibition and Distribution
Environmental Engineering and Utilities	Property	Investments and Other Operations

The Group's main contributor, *Grains and agribusiness*, comprises flour and animal feed milling; grains trading; and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of five flour mills in the country, two in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in nine associates in China with a combined flour milling capacity of 12,550 mt/day. Under the *Consumer products* segment, the Group has moved into downstream activities including food processing, bakery, marketing and distribution of edible oils and consumer products as well as manufacturing of toiletries and household products.

In the *Film exhibition and distribution* segment, wholly-owned Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 344 screens in 36 locations nationwide, capturing about 40% of domestic box office collections.

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

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

PPB owns 18.5% equity interest in one of Asia's largest integrated agribusiness groups, Wilmar International Limited ("Wilmar"). Wilmar's business encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.

CORPORATE OBJECTIVES

CREATE VALUE FOR SHAREHOLDERS
To reward shareholders with sustainable and attractive dividends.

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

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

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

STRENGTHEN MARKET POSITION
To further strengthen our leadership position in our core businesses.

COMMIT TO CORPORATE SOCIAL RESPONSIBILITY
To embrace responsible corporate citizenship focused on generating economic returns with positive contributions to society.

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

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

IMPROVE EFFICIENCY AND PRODUCTIVITY
To further drive operational effectiveness to ensure best-of-class operating standards.

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

GROUP CORPORATE STRUCTURE

As at 31 March 2019

PPB GROUP BERHAD

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

OUR CORE BUSINESS STRUCTURES

GRAINS AND AGRIBUSINESS

Investment holding, grains trading, flour and feed milling	
FFM Berhad	**80 %**
Flour milling	
Johor Bahru Flour Mill Sdn Bhd	100 %
FFM Grains & Mills Sdn Bhd	100 %
Vietnam Flour Mills Limited	100 %
VFM-Wilmar Flour Mills Co Limited	51 %
PT Pundi Kencana	51 %
Kerry Flour Mills Limited	43.4 %
Animal feed milling	
Johor Bahru Flour Mill Sdn Bhd	100 %
FFM Grains & Mills Sdn Bhd	100 %
FFM (Sabah) Sdn Bhd	100 %
FFM Feedmills (Sarawak) Sdn Bhd	100 %
Livestock farming	
FFM Farms Sdn Bhd	100 %
Investment holding	
Waikari Sdn Bhd	100 %
Flour milling	
Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd	20 %
Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd	20 %
Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd	20 %
Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd	20 %
Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd	20 %
Yihai (Zhoukou) Wheat Industries Co., Ltd	20 %
Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd	20 %
Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd	20 %

CONSUMER PRODUCTS

Consumer products distribution	
FFM Marketing Sdn Bhd	**100 %**
Bakery	
The Italian Baker Sdn Bhd	**100 %**
Contract manufacturing	
Products Manufacturing Sdn Bhd	**70 %**
Food processing	
Meizan CLV Corporation	**50 %**
Kart Food Industries Sdn Bhd	**45 %**
FFM Further Processing Sdn Bhd	**30 %**

FILM EXHIBITION AND DISTRIBUTION

Investment holding
- **PPB Leisure Holdings Sdn Bhd** — **100 %**
  - **Exhibition of movies and content**
  - Golden Screen Cinemas Sdn Bhd — **100 %**
    - Berjaya-GSC Sdn Bhd — **50 %**
    - **Distribution of movies and content**
    - GSC Movies Sdn Bhd — **100 %**
    - **Screen advertising**
    - Cinead Sdn Bhd — **100 %**
  - **Investment holding**
  - GSC Vietnam Limited — **100 %**
    - **Exhibition and distribution of movies and content**
    - Galaxy Studio Joint Stock Company — **40 %**
  - **Investment holding**
  - GSC Cambodia Limited — **100 %**

PROPERTY

Project and property management, sales and marketing services
- **PPB Property Development Sdn Bhd** — **100 %**

Property development
- **PPB Hartabina Sdn Bhd** — **100 %**
  - **Investment holding and oil palm cultivation**
  - South Island Mining Company Sdn Bhd — **100 %**
    - **Property development**
    - Seletar Sdn Bhd — **100 %**

Property investment
- **Cathay Screen Cinemas Sdn Bhd** — **100 %**
- **Shaw Brothers (M) Sdn Bhd** — **34 %**

Investment holding
- **Huge Quest Realty Sdn Bhd** — **40 %**
  - **Property development**
  - Southern Marina Development Sdn Bhd — **70 %**

Real property development
- **Hillcrest Gardens Sdn Bhd** — **16.8 %**

ENVIRONMENTAL ENGINEERING AND UTILITIES

Waste management and environmental engineering
- **CWM Group Sdn Bhd** — **100 %**
  - **Environmental engineering and utilities**
  - Cipta Wawasan Maju Engineering Sdn Bhd — **100 %**
  - **Waste management**
  - Sitamas Environmental Systems Sdn Bhd — **100 %**
  - Worldwide Landfills Sdn Bhd — **40 %**

Investment holding
- **Chemquest (Overseas) Limited** — **100 %**
  - Beijing KVW Wastewater Technology Company Ltd — **51 %**
    - **Utilities**
    - Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant — **42 %**

INVESTMENTS AND OTHER OPERATIONS

Investment holding & trading
- **Chemquest Sdn Bhd** — **55 %**
  - **Chemicals manufacturing**
  - Malayan Adhesives & Chemicals Sdn Bhd — **99.6 %**

Investment holding
- **Masuma Trading Company Limited** — **100 %**
- **Hexarich Sdn Bhd** — **100 %**

IT services
- **Easi (M) Sdn Bhd** — **60 %**
- **Enterprise Advanced System Intelligence Pte Ltd** — **60 %**
- **Easi Ticketing Sdn Bhd** — **100 %**

Integrated agribusiness
- **Wilmar International Limited** — **18.5 %**

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr Lim Soon Huat
Managing Director

Datuk Ong Hung Hock
Non-independent
Non-executive Director

Mr Soh Chin Teck
Independent
Non-executive Director

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

En Ahmad Riza bin Basir
Independent
Non-executive Director

Madam Tam Chiew Lin
Independent
Non-executive Director

AUDIT COMMITTEE

Mr Soh Chin Teck
Chairman

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Madam Tam Chiew Lin

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chairman

Datuk Ong Hung Hock

Mr Soh Chin Teck

REMUNERATION COMMITTEE

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Tan Sri Datuk Oh Siew Nam

Madam Tam Chiew Lin

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTERED OFFICE

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

PRINCIPAL BANKERS

HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad

AUDITORS

Mazars PLT
11th Floor South Block
Wisma Golden Eagle Realty
142-A Jalan Ampang
50450 Kuala Lumpur

REGISTRARS

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

STOCK EXCHANGE LISTING

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

CHAIRMAN'S STATEMENT

Tan Sri Datuk Oh Siew Nam
Chairman

Dear shareholders

PPB Group Berhad ("PPB") has delivered yet another respectable performance amidst challenging and uncertain economic times. The resilience of the Group in such an environment is due to our diversified portfolio of businesses, which has enabled us to create value for stakeholders as we focus on continued progress of the business as a whole.

Group Results

Revenue was up 6% to RM4.53 billion for the financial year ended 31 December 2018. The growth in revenue was largely attributable to higher contributions from the *Grains and agribusiness*, *Environmental engineering and utilities* and *Film exhibition and distribution* segments.

The Group's profit declined by 8% due to lower contribution from our 18.5%-owned associate, Wilmar International Ltd ("Wilmar"), and lower profits from the *Grains and agribusiness* and *Consumer products* segments. Profit attributable to shareholders totalled RM1.1 billion and earnings per share was 75.57 sen.

CHAIRMAN'S STATEMENT

FINANCIAL YEAR 2018

Revenue

RM4.53
billion

Profit attributable to shareholders

RM1.1
billion

Earnings per share

75.57
sen

Total dividend payout

RM399
million

We will continue to manage our assets efficiently and deploy resources at opportune times to expand core businesses locally and regionally to strengthen the Group's resilience.

Please refer to the Managing Director's Review on pages 20 to 33 of this Annual Report for the detailed management discussion and analysis of our businesses, operations and performance in 2018.

Corporate Exercise

PPB undertook a 1 for 5 bonus issue which was completed on 27 July 2018 following the listing and quotation of 237,099,057 bonus shares on the Main Market of Bursa Securities to better reflect the current scale of operations and assets and enhance the trading liquidity of its shares.

Dividends

I am pleased to inform you that the Board has recommended the payment of a final dividend of 20 sen per share, which together with the eight sen per share interim dividend would bring the total dividend for FY2018 to 28 sen per share (FY2017 – 30 sen per share). The total dividend payout for FY2018 is RM399 million based on the increased issued capital after the 1 for 5 bonus issue (FY2017: RM356 million). Subject to shareholders' approval at our forthcoming 50th Annual General Meeting, the proposed final dividend is payable on 10 June 2019.

We are committed to rewarding shareholders with consistent dividends as the Group's value creation unfolds over the long term. Supported by our growth strategies and healthy cash flow, PPB has paid annual dividends of between 20 and 30 sen per share over the last seven years.

The Board's Commitment to Corporate Governance

The Board is committed to upholding and practicing high standards of corporate governance. We continually strengthen our governance and internal controls, which we strongly believe play an important role in achieving our objectives. Our corporate governance initiatives and internal control processes are presented in the relevant sections of this Annual Report.

Sustainability

The PPB Group takes great care and responsibility to ensure it preserves and enhances the environment, marketplace and communities in which it operates. The long-term success of PPB would benefit all stakeholders.

PPB has since 24 December 2018 been included in the FTSE4Good Bursa Malaysia, FTSE4Good Emerging Markets and the FTSE4Good Asean5 indices. FTSE4Good Index Series identifies companies which demonstrate strong environmental, social and governance practices measured against globally recognised standards. PPB's inclusion in the indices marks the Group's commitment to responsible business practices.

CHAIRMAN'S STATEMENT

FFM Grains & Mills' flour and feed mill in Pasir Gudang.

Our Sustainability Statement on pages 60 to 86 of this Annual Report presents our progress in the areas of mitigating environmental impact, improving the working environment, building marketplace engagement and delivering community investment programmes. The Statement also tracks our progress against our sustainability targets and plans.

We are confident that the Group's commitment to strong governance, good sustainability practices as well as continued investment in human capital places us in a strong position for future growth.

Prospects and challenges for 2019

The Malaysian economy is expected to expand on a steady growth path in 2019, driven by private sector demand with the support of continued income and employment growth. PPB Group's main business segments are expected to perform satisfactorily in the year ahead and we expect Wilmar's performance to continue to contribute significantly to our overall financial results for 2019.

PPB50 Fund

On 1 November 2018, PPB turned 50 and to commemorate the occasion, PPB established a RM20 million fund known as "The PPB50 Fund" to assist the needy, particularly in the area of education. The Fund is managed by Kuok Foundation Berhad.

Appreciation

On behalf of the Company and the Board, I would like to record our sincere appreciation and thanks to all staff and employees of our Company and its subsidiaries for their dedication and loyalty. After celebrating our 50th anniversary in 2018, I would like to ask everyone to remain committed to achieving the Company's vision and mission.

To our shareholders, customers, business partners and other stakeholders, I thank you on behalf of the Board for your continued commitment and trust in the Group.

To my fellow Board members, my sincere appreciation for your invaluable support, contributions and guidance.

Tan Sri Datuk Oh Siew Nam
Chairman

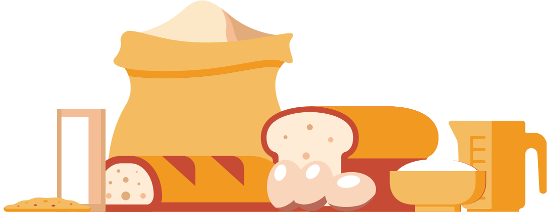
28 March 2019

MANAGING DIRECTOR'S REVIEW

Dear shareholders

PPB Group Berhad achieved a commendable performance for the year and in spite of the highly competitive environment, we remained focused and continued to play a leading role in our core businesses.

Lim Soon Huat
Managing Director



The Group's resilience stems from the combination of the strength of our core businesses and seizing growth opportunities both in Malaysia and regionally to create value for stakeholders.

Our concerted efforts to deliver value was made possible by our strong teamwork, commitment to innovation and our management and staff's determined persistence to pursue excellence.

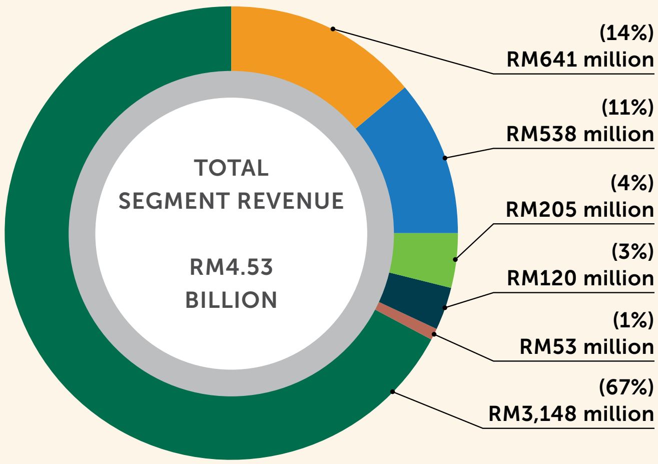
We are pleased to report an increase in revenue of 6% to RM4.53 billion from RM4.28 billion in FY2017. Profit before tax however reduced by 8% to RM1.17 billion from RM1.27 billion in FY2017.

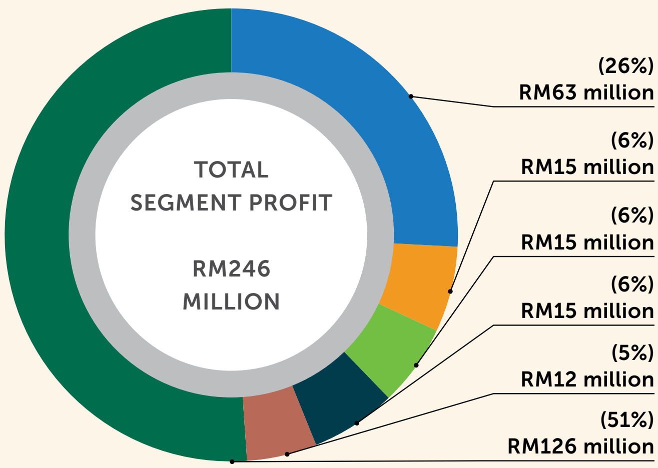
The increase in revenue was mainly attributable to higher contributions from the *Grains and agribusiness, Environmental engineering and utilities* and *Film exhibition and distribution* segments. Profit was lower due to lower contributions from Wilmar International Limited ("Wilmar"), in which we have an 18.5% stake, and the *Grains and agribusiness* and *Consumer products* segments.

MANAGING DIRECTOR'S REVIEW

OUR CORE BUSINESSES

Revenue increased by 6% from RM4.28 billion in FY2017 to RM4.53 billion in FY2018





Economic and Operating Environment in 2018

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018. Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Public sector spending moderated following expenditure rationalisation undertaken by the Government and lower spending by public corporations. Net exports turned expansionary for the economy as the growth in real exports outpaced real imports.
(Source: Bank Negara Malaysia's Annual Report 2018)

The Group performed well despite labour cost pressures, rising raw material costs, the reintroduction of the Sales and Service Tax, a weaker Ringgit and operating in a highly competitive business environment.

To meet these challenges, the Group has a range of measures including optimising management and employee resources, automating production lines, emphasising quality products and competitive pricing, and maximising synergy of our diversified businesses.

MANAGING DIRECTOR'S REVIEW

REVIEW OF BUSINESS OPERATIONS

Grains and Agribusiness

The *Grains and agribusiness* segment is the largest contributor to the Group's revenue and remains one of our most important core businesses. This segment which comprises flour milling, animal feed milling and livestock farming contributed 67% of Group revenue and 51% of profit in 2018. Revenue for the segment increased by 5% to RM3.15 billion on the back of higher sales from all our flour mills.

FFM Group owns and operates nine flour mills, five in Malaysia, two in Vietnam and one each in Thailand and Indonesia. The total flour milling capacity of these nine flour mills is 7,270 mt/day. FFM Group also has a 20% interest in nine associates in China which have a combined flour milling capacity of 12,550 mt/day.

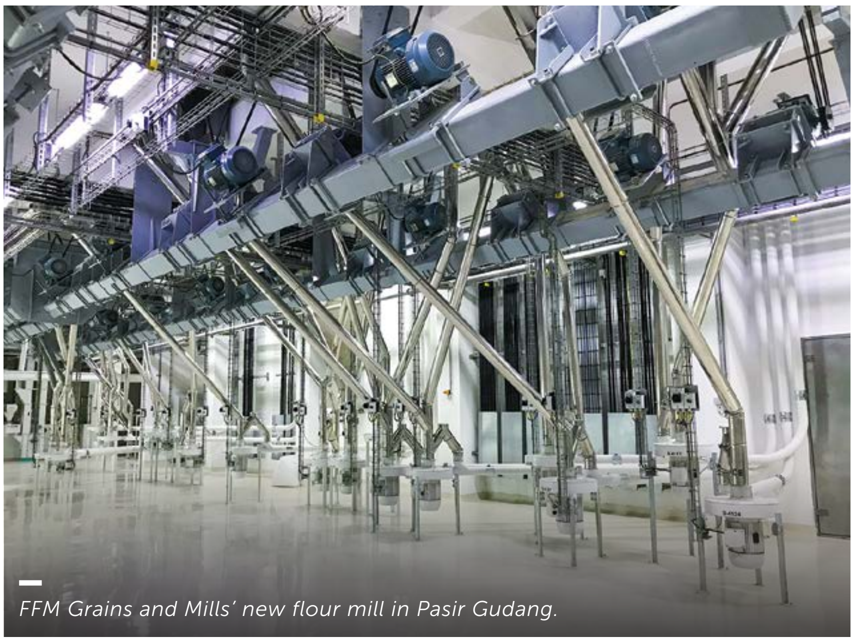
Livestock farming operations consist of a layer farm in Trong, Perak and two other breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah. The layer farm produces 18 million eggs per month while both breeder farms jointly produce 3.25 million chicks per month.

FFM Group has five feed mills in Malaysia, with a total production capacity of 67,000 mt/month.

Increasing Capacity in Malaysia and Vietnam

Our new 500 mt/day wheat flour mill expansion in Pasir Gudang, Johor commenced operations in January 2018.

VFM-Wilmar Flour Mills Co. Ltd in which FFM has 51% equity interest, is currently constructing an additional 500 mt/day wheat flour mill expansion at its existing factory in Quang Ninh Province, North Vietnam at an estimated budget of USD19.7 million. The expansion is expected to be completed in the first quarter of 2020.



FFM Grains and Mills' new flour mill in Pasir Gudang.

MANAGING DIRECTOR'S REVIEW

Creating Value

Flour Milling

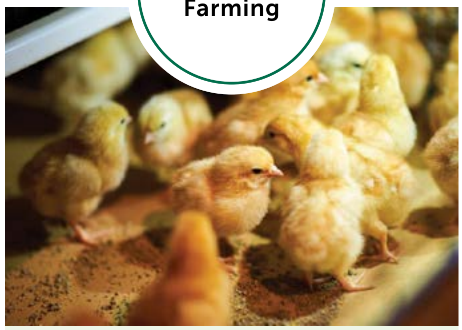
With more than 50 years of experience, FFM Berhad has the knowledge to manage challenges in the flour milling business. Challenges exist all year round but the Group is confident in not only overcoming such challenges but enhancing the growth of this sector with consistent quality, reliable sales services, technical assistance and customer support as well as marketing input.

Animal Feed Milling

The industry is moving towards greater consolidation as smaller farms exit their businesses while bigger players integrate upstream and downstream to gain a stronger foothold in the market. Coupled with high-volume customers looking to reduce feed costs, the industry looks to be trending towards milling overcapacity and intense competition amongst existing players.

The Group is cautiously optimistic that FFM will maintain its competitive edge to stay ahead of its competitors through diligence and prudent management. We will focus on providing the best value, quality and service to keep farmers on the cutting edge of new feed technologies to maximise the value of their products and reduce costs via greater efficiency.

Livestock Farming



Per capita consumption of poultry meat and eggs in Malaysia is among the highest in the world. We believe rising demand for eggs and poultry meat will augur well for the Group and there is an opportunity to capitalise on this, especially in East Malaysia where per capita consumption is lower.

The livestock farming business currently faces its own unique set of challenges with intense competition amongst the key players due to a range of factors including over-production, festive season price controls and importation of poultry meats from various countries.

Stringent government and environmental regulations, disease challenges, and trade regulation uncertainties also pose risks that have the potential to threaten profitability.

MANAGING DIRECTOR'S REVIEW

REVIEW OF BUSINESS OPERATIONS

The Group's consumer products segment houses the marketing and distribution of fast-moving consumer goods ("FMCG") representing both in-house and agencies. Our businesses under this segment cover bakery products, edible oils, chilled and frozen foods, and contract manufacturing of household and personal care products.

Massimo breads

20,000
outlets nationwide

Hourly production capacity

24,000	16,000	15,000
rolls/buns	bread loaves	cakes

FFM Marketing Sdn Bhd ("FMSB")

reaches more than **42,000**
retail outlets in Malaysia

Consumer Favourites

Our bakery business is carried out under our household brand, Massimo. Massimo breads are recognised for quality, taste and consistency, and are highly visible in supermarkets, hypermarkets, retail and neighbourhood stores. They enjoy steady shelf off-take supported by our strong production capability and direct distribution reach of over 20,000 outlets nationwide.

Massimo is available in white; wheat germ; whole wheat; fine wholemeal; and Ricco Chocolato loaves. Assorted cream rolls, Chiffon in a Cup, Diletto moist cakes and Bunbino Buns series are also consumer favourites. Utilising fully automated American and European technology, we now have an hourly production capacity of 16,000 bread loaves, 24,000 rolls/buns and 15,000 cakes.

FMCG products like *Blue Key* flour and *Seri Murni* cooking oil remain in leading positions in the categories of goods we represent.

With 12 fully integrated marketing and distribution warehouses around the country totalling more than 300,000 sq ft in area, FFM Marketing Sdn Bhd ("FMSB") is able to reach more than 42,000 retail outlets in Malaysia.

FMSB also has facilities for chilled and frozen products. With this, we added Goodman Fielder chilled and frozen products to our existing *Kart* and *Marina* range of frozen products. Super Food is another new agency which FMSB represents since 2018.

FMSB's focus on extending its services to the HORECA (Hotel, Restaurant and Catering) sector is also beginning to experience encouraging results.

MANAGING DIRECTOR'S REVIEW

Contract Manufacturing

In contract manufacturing, Products Manufacturing Sdn Bhd – our 70%-owned subsidiary through Chemquest Sdn Bhd – continues to make inroads into the household and personal care retail space. We will further develop partnerships with our clients to support their business plans to ensure win-win outcomes for both parties.

Making Progress

The Group remains focused on planning and execution to ensure continued progress and managing business risks amidst the increasingly fierce competition across all business lines in this segment.

In the bakery and consumer distribution businesses, regulatory changes to labour policies and foreign exchange volatility resulted in higher costs for essentially low-margin businesses while the softer economy has reduced spending power.

The Group is confident of taking on these challenges by keeping abreast of regulatory changes, increasing productivity, introducing new products and building new business partnerships to mitigate any potential margin erosion. Our uncompromising stand on safety and health standards will be maintained as we believe that building such good practices strengthen our market position.

MANAGING DIRECTOR'S REVIEW

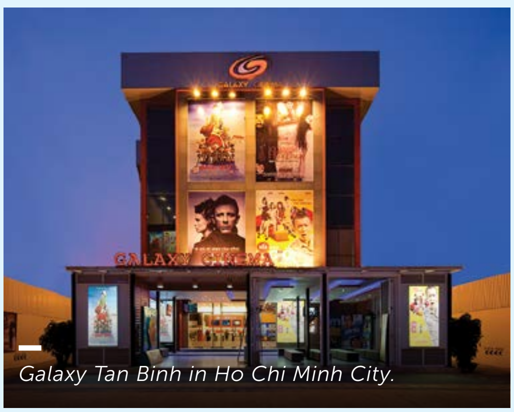
REVIEW OF BUSINESS OPERATIONS

Film Exhibition and Distribution

Golden Screen Cinemas Sdn Bhd ("GSC")'s business continued to grow in 2018, attracting viewers with its innovative products and services. As a cinema exhibitor at the forefront of the industry equipped with the latest cinematic technologies, GSC aims to draw movie-goers around the country to its big screens to enjoy the latest movies.

Our distribution arm, GSC Movies Sdn Bhd ("GSC Movies"), is the largest independent distributor of Chinese, English and Malay films in Malaysia. In 2018, GSC Movies distributed *Paskal: The Movie*, which was its largest revenue generator, and the 3rd biggest Malaysian blockbuster movie of the year.

In Vietnam, the Group owns a 40% stake in the Galaxy Studio Joint Stock Company ("Galaxy Studio") through GSC Vietnam Limited, which extends our market share beyond Malaysian shores.



Galaxy Tan Binh in Ho Chi Minh City.

Growth for GSC and the Wider Industry

In 2018, the film industry's total gross box office collection in Malaysia grew 10% to RM1.1 billion, recording the highest collection of all time. As at the end of the year, the country has a total of 156 cinemas with 1,141 screens.

Besides the strong movie line-up, GSC's financial performance was also boosted by the full-year contribution of three new cinemas opened in 2017, namely GSC MyTOWN, GSC Melawati Mall in Kuala Lumpur, and GSC Paradigm Mall in Johor Bahru. The strong performance of local Malay movies also increased admissions to our cinemas.

GSC currently operates 344 screens in 36 locations across Malaysia. In Vietnam, our operations under Galaxy Studio opened one cinema with seven screens, bringing the total number of screens to 89 in 14 locations.

Always aiming to provide consumers with the latest technology, we launched Malaysia's first Onyx Cinema LED screen at GSC Mid Valley in June 2018 to good response. Following the success of the first 4DX cinema in GSC Paradigm Mall JB, we extended this popular new cinematic experience to Klang Valley urbanites in GSC 1 Utama in December 2018 and will roll out 4DX to other key locations. We also announced at CineAsia that ScreenX, a premium 270-degree panoramic movie experience, will be available in 2019 which will elevate the cinema-going experience to new heights.

GSC continues to distinguish itself from competitors by offering audiences access to non-mainstream content like e-sports, anime, foreign language films, concerts, as well as live screenings of sports events like the FIFA 2018 World Cup. Under the umbrella of GSC International Screens, we were the exclusive cinema partner for nine film festivals held last year, showcasing the best of global cinema.

MANAGING DIRECTOR'S REVIEW

Challenges Ahead

The proliferation of new shopping malls and corresponding growth of cinemas in the country, has led to market saturation especially in the Klang Valley. GSC will remain discerning on the selection of new locations, focusing only on strategic sites and under-screened markets for better growth prospects. We will continue to offer innovative and dynamic products to stay ahead of competitors.

Other challenges such as alternative sources of media like streaming services, aided by the ongoing improvement in connectivity and broadband speed, will also pose a challenge. However, our commitment to technological innovation, new cinema concepts, and customer service will continue to attract movie-goers to the big screens.

Looking ahead to 2019, GSC will be opening two new cinemas with a total of 26 screens, while adding three new screens to GSC Summit USJ. In Vietnam, Galaxy Studio targets to open five cinemas with a total of 24 screens.

4DX snow effect at GSC One Utama.

MANAGING DIRECTOR'S REVIEW

REVIEW OF BUSINESS OPERATIONS

Environmental Engineering and Utilities

The Chemquest Sdn Bhd ("CQ") Group is a leading provider of innovative solutions, advanced technologies and professional management for the water and sewage industry. To date, more than 120 water and sewage projects with a combined contract value of over RM2.3 billion have been successfully constructed and commissioned.

In 2018, the CQ Group completed a sewage treatment plant in i-City, Shah Alam and a sewage network pump station in Damansara, Petaling Jaya. The Group also secured two sewage projects in Ipoh and Kuantan with a total value of RM157 million. The order book for water and sewage projects stood at RM238 million as of 31 December 2018.

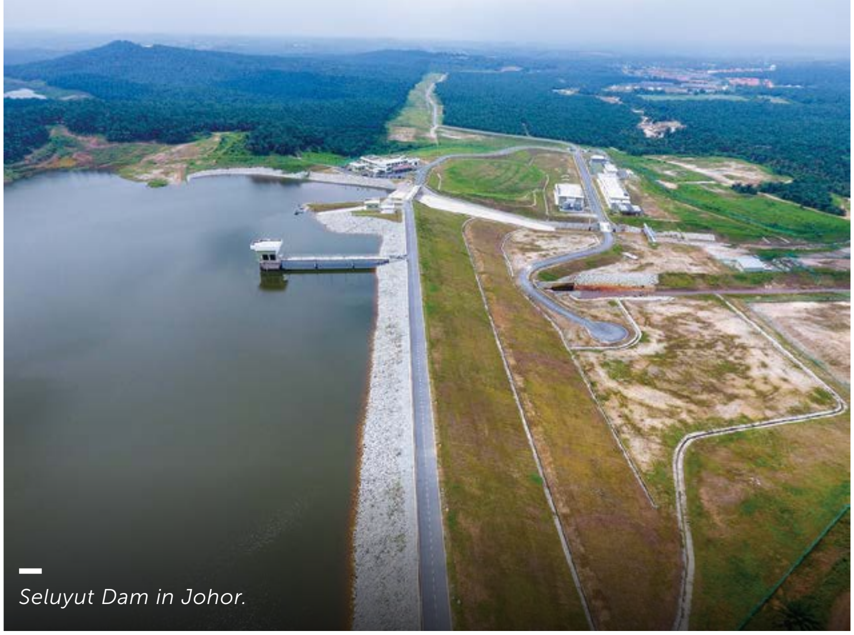
The CQ Group is also engaged in solid waste collection and disposal services for the industrial and commercial sectors in the central and southern regions of Peninsular Malaysia. Through its 40% associate, Worldwide Landfills Sdn Bhd, it is a member of the concessionaire operating sanitary landfills in the state of Selangor.

Looking Ahead

With an established track record and vast experience in the water and sewage industries, the Group is well-positioned to compete in Government tenders through competitive bidding.

Within the first quarter of 2019, CQ Group has secured two water projects in Sarawak valued at RM88 million and tendered for several other water projects worth more than RM300 million.

The Group is also exploring opportunities in new areas such as Large Scale Solar projects.



Seluyut Dam in Johor.

MANAGING DIRECTOR'S REVIEW

REVIEW OF BUSINESS OPERATIONS

Over the years, the Group has garnered a reputation as a reliable developer, and operator of commercial and retail properties. The Group has maintained an interest in niche retail, commercial, and residential developments with a focus on building quality and lifestyle homes.

Our main properties are Cheras LeisureMall and Cheras Plaza in Taman Segar, Cheras; New World Park and The Whiteaways Arcade in Georgetown, Penang; and the Damansara Jaya shoplots in Petaling Jaya.

The successful completion of the extension and refurbishment of Cheras LeisureMall added 15,000 sq ft of net lettable area to offer a greater variety of retail and F&B choices. The additional mall space and a new air-conditioned link bridge connecting the Taman Mutiara MRT station to the mall was completed in January 2018 and this has contributed positively to Group revenue.

The refurbishment of New World Park to enhance facilities for tenants and visitors has been completed.

Our latest development, Megah Rise in Taman Megah, Petaling Jaya comprising 228 condominium units and a retail podium has seen encouraging sales.

Towers 1 and 2 of the Southern Marina Residences in Iskandar Puteri, Johor, for which we provide project management services, have received their Certificates of Completion and Compliance on 13 December 2018.

Managing Through Challenging Times

We expect the challenging property market conditions in 2019 to impact sales of existing properties and new launches. Prospective buyers will continue to be cautious with the tightening criteria for housing loans and mortgages coupled with the property overhang.

We will capitalise on our strengths and position ourselves strategically to reap the benefits when the current 'down-cycle' bottoms out and the market recovers.

The Group will continue to execute its existing projects well to cement our reputation as a reliable developer. Our innovative development concepts and continuous engagement with our tenants and customers, are expected to show results down the line.

Perspective of Southern Marina development in Iskandar Puteri, Johor.

MANAGING DIRECTOR'S REVIEW

FINANCIAL REVIEW

Group Financial Performance

	2018 RM'000	2017 RM'000
Revenue	**4,528,260**	4,284,294
Profit before tax	**1,167,683**	1,270,599
Profit attributable to shareholders	**1,075,096**	1,183,589
Earnings per share (sen)	**75.6**	83.2

In FY2018, Group revenue increased by 6% to RM4.53 billion. The increase was attributable to higher contribution from the *Grains and agribusiness*, *Environmental engineering and utilities* and *Film exhibition and distribution* segments.

Group pre-tax profit was lower by 8% at RM1.17 billion in FY2018 (FY2017: RM1.27 billion) due mainly to lower contribution from Wilmar International Limited of RM837 million (FY2017: RM947 million), and lower contribution from the *Grains and agribusiness* and *Consumer products* segments.

Profit attributable to shareholders was at RM1.08 billion, and earnings per share stood at 75.6 sen (FY2017: 83.2 sen).

Financial Performance by Business Segments

GRAINS AND AGRIBUSINESS

	Segment revenue (RM'000)		Segment results (RM'000)	
	2018	2017	**2018**	2017
	3,148,461	3,005,723	125,952	134,265

Segment revenue for FY2018 increased by 5% to RM3.15 billion (FY2017: RM3.01 billion) on the back of higher sales from all flour mills. However, segment profit was lower by 6% at RM126 million (FY2017: RM134 million), attributable mainly to higher raw material costs.

CONSUMER PRODUCTS

	Segment revenue (RM'000)		Segment results (RM'000)	
	2018	2017	**2018**	2017
	640,567	672,741	15,177	30,154

Segment revenue for FY2018 declined by 5% at RM641 million (FY2017: RM673 million), mainly due to lower sales of in-house products. Segment profit was lower at RM15 million for FY2018 (FY2017: RM31 million) mainly due to absence of a one-time gain on sale of land and building of RM8.0 million recorded in FY2017; higher cost of raw material and plant maintenance at the bakery division.

MANAGING DIRECTOR'S REVIEW

FILM EXHIBITION AND DISTRIBUTION

Segment revenue (RM'000)	
2018	2017
538,352	481,301

Segment results (RM'000)	
2018	2017
63,394	54,035

Segment revenue rose by 12% to RM538 million in FY2018 (FY2017: RM481 million). Segment profit for FY2018 increased by 17% to RM63 million (FY2017: RM54 million) attributable mainly to the strong performance of local Malay titles and contribution from cinemas opened in FY2017.

ENVIRONMENTAL ENGINEERING AND UTILITIES

Segment revenue (RM'000)	
2018	2017
204,600	130,087

Segment results (RM'000)	
2018	2017
14,861	6,387

Segment revenue for FY2018 was at RM205 million (FY2017: RM130 million). Segment profit increased to RM15 million for FY2018 (FY2017: RM6 million). This was mainly attributable to progressive profits recognised from on-going water treatment plant projects.

PROPERTY

Segment revenue (RM'000)	
2018	2017
53,218	48,055

Segment results (RM'000)	
2018	2017
12,251	5,696

Segment revenue for FY2018 was higher by 11% to RM53 million (FY2017: RM48 million). Segment profit increased to RM12 million for FY2018 (FY2017: RM6 million), mainly attributable to higher project management fee income, and rentals on completion of the Cheras LeisureMall link bridge extension.

MANAGING DIRECTOR'S REVIEW

FINANCIAL REVIEW

Group Financial Position

	2018 RM'000	2017 RM'000
Total Assets	**23,244,663**	22,939,090
Total Liabilities	**1,507,792**	1,583,135
Net Assets per Share Attributable to The Owners of The Parent (RM)	**14.79**	14.54

Total assets increased by 1.3% to RM23.2 billion as at 31 December 2018.

Total liabilities decreased by 4.8% to RM1.51 billion as at 31 December 2018. The decrease was mainly due to decrease in short-term bank borrowings by RM276.7 million to RM468.1 million, partially offset by higher trade and other payables by RM219 million to RM631 million.

Net assets per share stood at RM14.79 as at 31 December 2018.

Group Cash and Cash Equivalents

Group cash and cash equivalents remained strong at RM1.4 billion (FY2017: RM1.3 billion).

Group Bank Borrowings

Group bank borrowings decreased by RM291.8 million to RM488.9 million as at 31 December 2018. About 85% of the Group's bank borrowings were trade finance-related facilities. The remaining 15% comprised:

- RM52.3 million in short-term borrowings, repayable within 12 months; and
- RM20.6 million in long-term bank loans, repayable within 5 years.

92% of the Group's bank borrowings are unsecured and bear variable interest rates, and 81% or RM397.6 million are foreign currency denominated loans, mainly in Indonesian Rupiah.

Group Capital Expenditure

During the financial year ended 31 December 2018, the Group incurred total capital expenditure of RM181.5 million. Major areas of spend are as follows:

- RM47.4 million in the *Grains and agribusiness* segment, mainly for construction of new plants and upgrading of existing plants;
- RM63.1 million in the *Film exhibition and distribution* segment, mainly for additions to right-of-use of cinema premises, purchase of film rights and upgrading of existing cinemas;
- RM32.0 million in the *Property* segment, mainly for the construction, upgrading and refurbishment of investment properties;
- RM16.9 million in the *Environmental engineering and utilities* segment, mainly for the purchase of a piece of land for office use; and
- RM12.6 million in the *Consumer products* segment, mainly for the construction of a frozen food production factory and delivery efficiency improvement.

Note:
The comparative figures were restated to conform with the requirements arising from the adoption of MFRS framework and early adoption of MFRS 16 for financial year ended 2017.

MANAGING DIRECTOR'S REVIEW

ANALYSIS OF GROUP TOP RISKS

With the many challenges we face in our various businesses, the identification and management of risks is important to ensure business sustainability. For a conglomerate like the PPB Group, minimal interruption to the value creation process for stakeholders is imperative.

The Group has identified the following top four risks:

TOP FOUR RISKS

Reliance on Certain Income Streams

PPB Group is a conglomerate, which also has an 18.5% stake in Wilmar. Currently, it relies to a large extent on contributions from Wilmar and FFM Group to meet one of its objectives, which is to reward shareholders with sustainable and consistent dividends. The Group therefore invests and expands its other segments both domestically and overseas and continuously looks for investment opportunities to diversify our portfolio.

Compliance with Regulatory Requirements

PPB Group places high priority on compliance with relevant regulatory requirements. In view of recently updated and new legislation, the Group endeavours to create awareness and equip employees through relevant training and the engagement of external advisers or consultants for advice on compliance matters.

Health and Safety Hazards

The nature of certain Group business segments may expose our employees to health and safety hazards. To foster a safe and healthy work environment, we take a range of actions including on-going safety awareness and training sessions for employees and other stakeholders, formation of Occupational Safety and Health Administration (OSHA) committees and stringent enforcement of OSHA requirements.

Foreign Exchange Risk

The fluctuation of the Ringgit has presented challenges to the PPB Group as most of the raw materials for the food processing and manufacturing segments, film rights purchases and overseas investments are denominated in foreign currencies. The Group monitors currency fluctuations closely and hedges part of its exposure; it also takes advantage of a natural hedge in view of the fact that some of its income are generated in foreign currencies.

GROUP OUTLOOK AND PROSPECTS FOR 2019

The Malaysian economy is expected to expand at a steady pace in 2019 between the range of 4.4% to 4.9%. Private sector demand, with the support of continued income and employment growth, will remain the main drivers.

The *Grains and agribusiness* segment is expected to remain competitive on the back of a volatile commodity market and it will continue to focus on volume growth and maintaining quality products. The performance of the *Consumer products* segment is expected to remain stable, supported by a widening product range and the introduction of new products into new markets.

The *Film exhibition and distribution* segment will continue to be driven by strong title releases, the opening of new cinemas, the introduction of new cinematic technologies and innovative facilities.

The *Environmental engineering and utilities* segment will focus on replenishing its order book while maintaining its focus on quality work and execution. Amidst a challenging operating environment, the *Property* division will focus on completing the Megah Rise project in Petaling Jaya, while striving to maintain and improve operational excellence in its existing mall and property management businesses.

While the Group's main business segments are expected to perform satisfactorily in the financial year 2019, overall Group financial results would depend substantially on Wilmar's business performance.

28 March 2019

GROUP FINANCIAL HIGHLIGHTS

		2018 RM Million	2017 RM Million	Change %
INCOME STATEMENT				
Revenue		**4,528**	4,284	5.7
Profit before tax		**1,168**	1,271	(8.1)
Profit for the year		**1,103**	1,217	(9.4)
Profit attributable to owners of the parent		**1,075**	1,184	(9.2)
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		**21,040**	20,680	1.7
Total equity		**21,737**	21,356	1.8
RATIOS				
Return on net assets attributable to owners of the parent	%	**5.11**	5.73	
Earnings per share*	sen	**75.57**	83.20	
Interest coverage	times	**35.35**	36.31	
Current ratio	times	**2.68**	2.56	
Total borrowings/Equity	%	**2.25**	3.66	
Long-term borrowings/Equity	%	**0.10**	0.17	
Net assets per share attributable to owners of the parent*	RM	**14.79**	14.54	
Net dividend per share	sen	**28.00**	30.00	
31 December closing price#	RM	**17.58**	14.37	

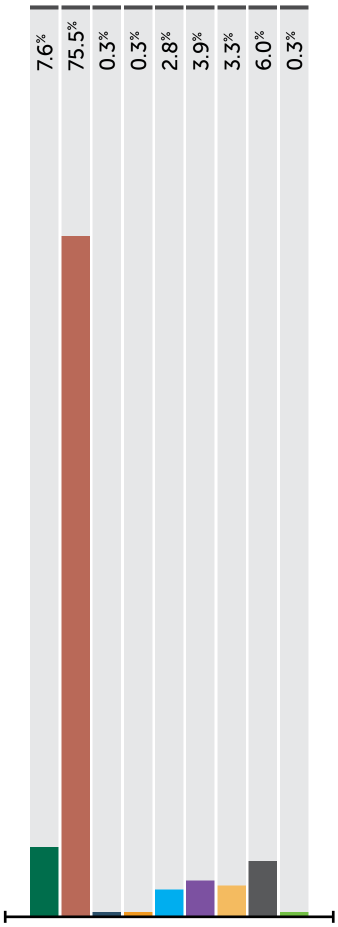
Note:
The comparative figures were restated to conform with the requirements arising from the adoption of MFRS framework and early adoption of MFRS 16 for financial year ended 2017.

* *Number of shares reflect total ordinary shares after bonus issue.*
\# *Adjusted share price for 1:5 bonus issue.*

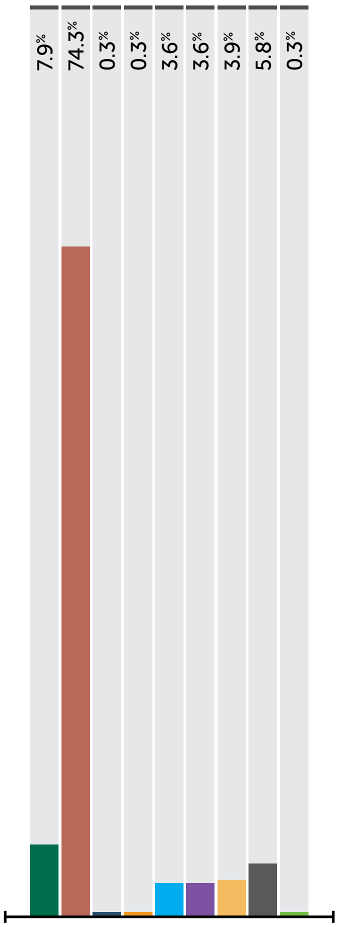
SIMPLIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

2018

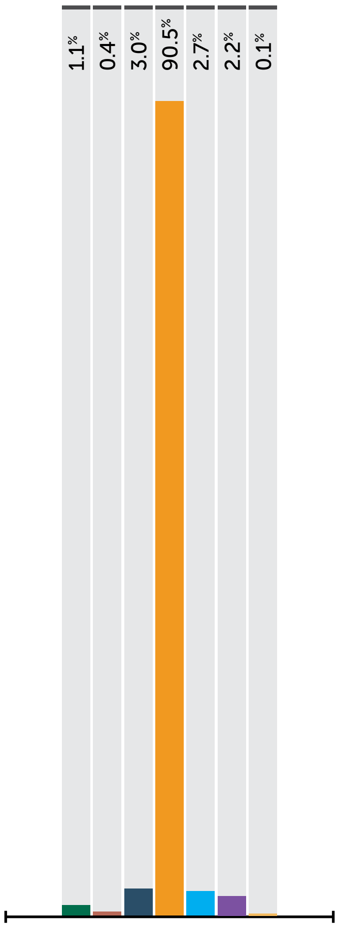


2017

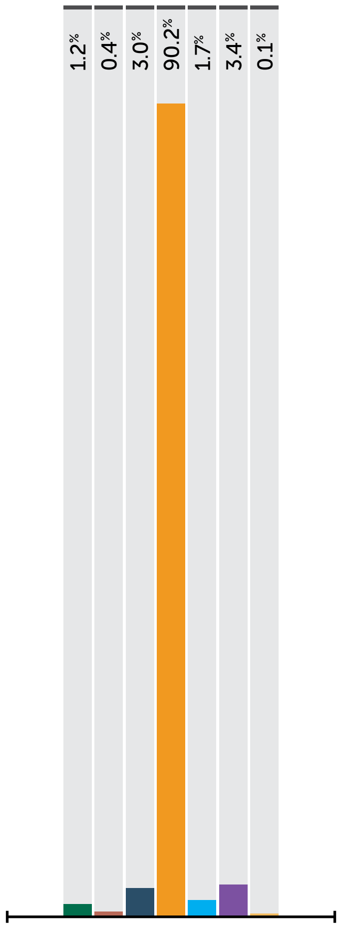


EQUITY & LIABILITIES

2018



2017



Non-current assets

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

Current assets

- Inventories, biological assets and other intangible assets
- Trade and other receivables
- Cash and cash equivalents
- Other current assets

Non-current liabilities

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

Current liabilities

- Trade and other payables
- Short-term borrowings and lease obligations
- Other current liabilities

Note:
The comparative figures were restated to conform with the requirements arising from the adoption of MFRS framework and early adoption of MFRS 16 for financial year ended 2017.

5-YEAR GROUP FINANCIAL STATISTICS

Year ended 31 December		2018	2017	2016	2015	2014
Revenue	RM Million	**4,528**	4,284	4,186	4,048	3,701
Share of profits less losses of associates	RM Million	**920**	1,032	830	790	719
Profit before tax	RM Million	**1,168**	1,271	1,211	1,181	1,028
Profit for the year	RM Million	**1,103**	1,217	1,107	1,076	939
Net dividend for the financial year	RM Million	**398**	356	296	296	273
Issued share capital	RM Million	**1,429**	1,192	1,186	1,186	1,186
Equity attributable to owners of the parent	RM Million	**21,040**	20,680	20,973	19,917	16,820
Total equity and liabilities	RM Million	**23,245**	22,939	22,703	21,926	18,605
Earnings per share*	Sen	**75.57**	83.20	73.46	73.90	64.44
FTSE Bursa KLCI Quotes						
31 December closing price#	RM	**17.58**	14.37	13.22	13.25	11.92
No. of shareholders		**9,025**	8,821	9,073	9,236	9,868

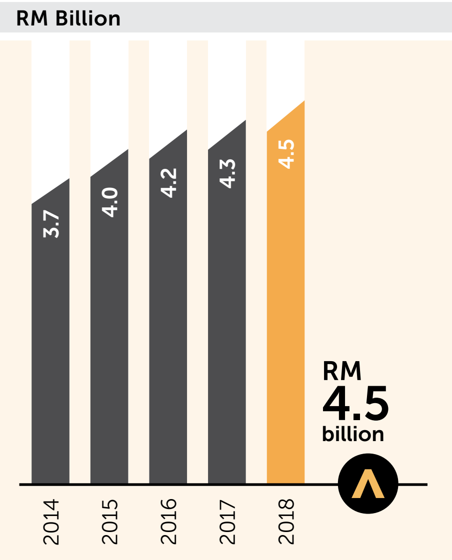
Note:
The comparative figures were restated to conform with the requirements arising from the adoption of MFRS framework and early adoption of MFRS 16 for financial year ended 2017 only.

* *Number of shares reflect total ordinary shares after bonus issue.*
\# *Adjusted share price for 1:5 bonus issue.*

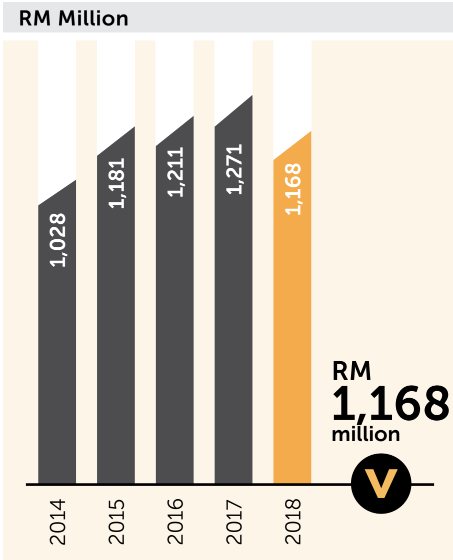
5-YEAR GROUP FINANCIAL STATISTICS

5-YEAR STATISTICS HIGHLIGHTS

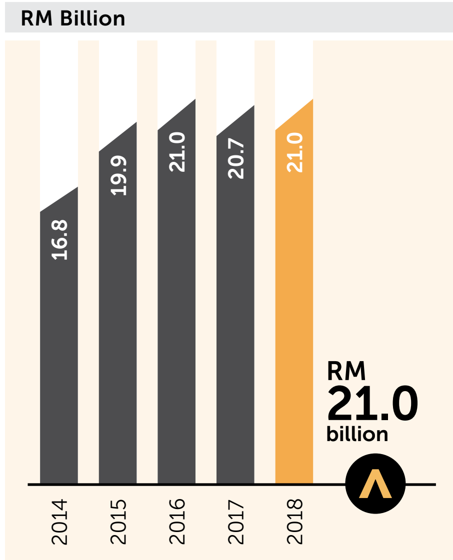
Revenue



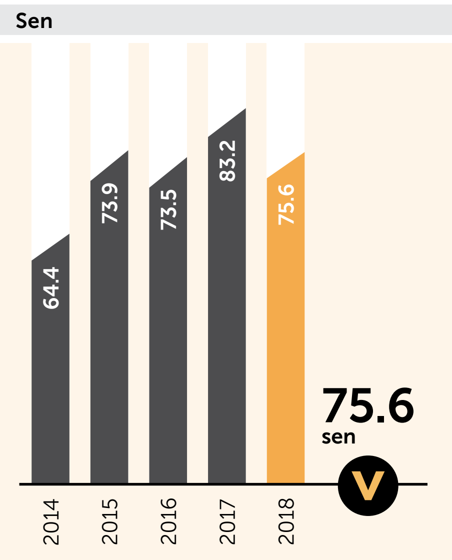
Profit before tax



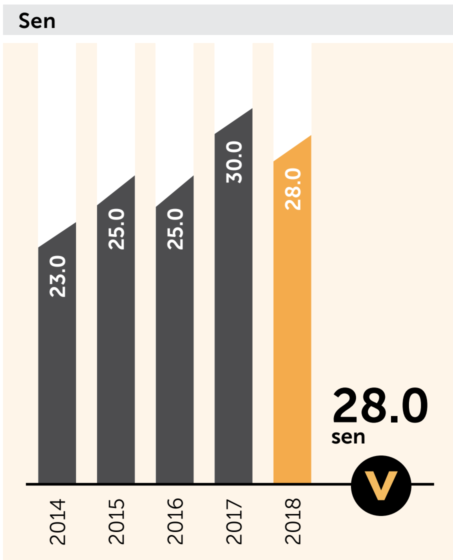
Equity attributable to owners of the parent



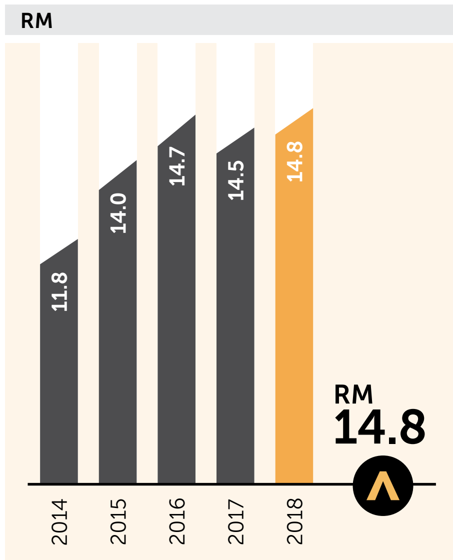
Earnings per share*



Dividend per share



Net assets per share attributable to owners of the parent*



Note:
The comparative figures were restated to conform with the requirements arising from the adoption of MFRS framework and early adoption of MFRS 16 for financial year ended 2017 only.

* *Number of shares reflect total ordinary shares after bonus issue.*

BOARD OF DIRECTORS

TAN SRI DATUK OH SIEW NAM

MR LIM SOON HUAT

DATUK ONG HUNG HOCK

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

MR SOH CHIN TECK

ENCIK AHMAD RIZA BIN BASIR

MADAM TAM CHIEW LIN

DIRECTORS' PROFILES

TAN SRI DATUK OH SIEW NAM

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

Gender : Male
Age : 80

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

Qualifications and Experience
- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.
- Assistant Controller of Telecom Malaysia for 5 years before joining FFM Berhad ("FFM") Group in 1968.
- Managing Director of FFM from 1982 to 2002, and Executive Chairman from 2002 to 2006.
- Board member of Bank Negara Malaysia from 1989 to 2015.
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II).
- Chairman of PPB Oil Palms Berhad from 2004 to 2007.

Other Directorships in Public Companies and Listed Issuers
Kuok Foundation Berhad

MR LIM SOON HUAT

- Managing Director
- Non-independent Executive Director

Gender : Male
Age : 54

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 and Listed Issuers
Malaysian Bulk Carriers Berhad
Ponderosa Golf & Country Resort Berhad

DIRECTORS' PROFILES

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

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

Gender : Male
Age : 69

Date of Appointment
22 June 2009

Qualifications and Experience
- Qualified as a Master Mariner with a Masters Foreign-going Certificate of Competency from the United Kingdom in 1974.
- Diploma in Applied International Management from the Swedish Institute of Management.
- Attended the Advanced Management Program at Harvard University.
- Fellow of the Chartered Institute of Logistics and Transport and the Institut Kelautan Malaysia.
- Has over 45 years experience in the international maritime industry.

Other Directorships in Public Companies and Listed Issuers
Malaysian Bulk Carriers Berhad
GD Express Carrier Berhad

DATUK ONG HUNG HOCK

- Non-independent Non-executive Director
- Member of Nomination Committee

Gender : Male
Age : 65

Date of Appointment
1 July 2012

Qualifications and Experience
- Bachelor of Arts (Honours), University of Malaya.
- Held executive positions in marketing in various companies before joining FFM Berhad ("FFM") group in 1980.
- Managing Director of FFM Marketing Sdn Bhd ("FMSB") from 1998 to 2008, and Executive Chairman from 2008 to 2011. Presently Chairman of FMSB.
- Appointed as director of FFM in October 2004 and has been Managing Director of FFM since March 2011.

Other Directorships in Public Companies and Listed Issuers
FFM Berhad

DIRECTORS' PROFILES

MR SOH CHIN TECK

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

Gender : Male
Age : 61

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.
- Member of the Australian Institute of Company Directors.
- Member of the Institute of Corporate Directors Malaysia.
- More than 13 years audit experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

Other Directorships in Public Companies and Listed Issuers
Nil

ENCIK AHMAD RIZA BIN BASIR

- Independent Non-executive Director
- Chairman of Nomination Committee

Gender : Male
Age : 58

Date of Appointment
25 July 2013

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

Other Directorships in Public Companies and Listed Issuers
United Plantations Berhad

DIRECTORS' PROFILES

MADAM TAM CHIEW LIN

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

Gender : Female
Age : 68

Date of Appointment
25 July 2013

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

Other Directorships in Public Companies and Listed Issuers
JAB Capital Berhad
MPI Generali Insurans Berhad

NOTES

1. *All the Directors are Malaysians.*
2. *None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.*
3. *None of the Directors had any convictions for any offences within the past five years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

KEY SENIOR MANAGEMENT TEAM

LIM SOON HUAT
(refer to page 39)

DATUK ONG HUNG HOCK
(refer to page 40)

IR LEONG YEW WENG

MS KOH MEI LEE

MR CHEW HWEI YEOW

MS YAP CHOI FOONG

MR MAH TECK KEONG

KEY SENIOR MANAGEMENT TEAM

IR LEONG YEW WENG

- Managing Director of Chemquest Sdn Bhd

Year of Joining PPB Group
1993

Age/Gender
59/Male

Date Appointed to the Key Senior Management Position
7 June 2005

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

MS KOH MEI LEE

- Chief Executive of Golden Screen Cinemas (GSC) Group
- Head of Corporate Affairs of PPB Group Berhad

Year of Joining PPB Group
1990

Age/Gender
53/Female

Date Appointed to the Key Senior Management Position
1 January 2002

Qualifications and Experience
- Bachelor of Business Administration Degree (Summa Cum Laude) from the University of Montevallo, USA.
- Oversees the corporate affairs and investor relations of PPB Group as well as the Group's leisure operations.
- Appointed as Director of GSC Group since February 2001 and has been Chief Executive of GSC Group since January 2002.

MR CHEW HWEI YEOW

- Chief Operating Officer (Properties) of PPB Group Berhad
- Chief Operating Officer of PPB Property Development Sdn Bhd

Year of Joining PPB Group
2013

Age/Gender
56/Male

Date Appointed to the Key Senior Management Position
13 March 2013

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

KEY SENIOR MANAGEMENT TEAM

MS YAP CHOI FOONG

- Chief Financial Officer of PPB Group Berhad

Year of Joining PPB Group
2017

Age/Gender
54/Female

Date Appointed to the Key Senior Management Position
1 November 2017

Qualifications and Experience
- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.
- Prior to joining PPB Group Berhad as Head of Corporate Strategy and Planning in March 2017, she was the Group Chief Financial Officer of RHB Banking Group.
- Has over 30 years working experience in auditing, finance and accounting, corporate finance, corporate and strategic planning, merger, acquisition and integration.

MR MAH TECK KEONG

- Company Secretary of PPB Group Berhad

Year of Joining PPB Group
1989

Age/Gender
56/Male

Date Appointed to the Key Senior Management Position
27 November 2008

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

NOTES

1. *All the members of the key senior management team are Malaysians.*
2. *None of the key senior management team held any directorships in public companies or listed issuers.*
3. *None of the key senior management team has any relationship with any director and/or major shareholder of PPB, nor any conflict of interest with the Company.*
4. *Other than traffic offences (if any), none of the key senior management team had any convictions for any offences within the past five years, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement ("CGS") provides a summary of the corporate governance practices of PPB Group Berhad ("PPB") and its subsidiaries ("Group") during the financial year ended 31 December 2018 ("FYE2018") with reference to the three Principles in the Malaysian Code on Corporate Governance ("MCCG") which came into effect in 2017, viz:

PRINCIPLE A

Board leadership and effectiveness

PRINCIPLE B

Effective audit and risk management

PRINCIPLE C

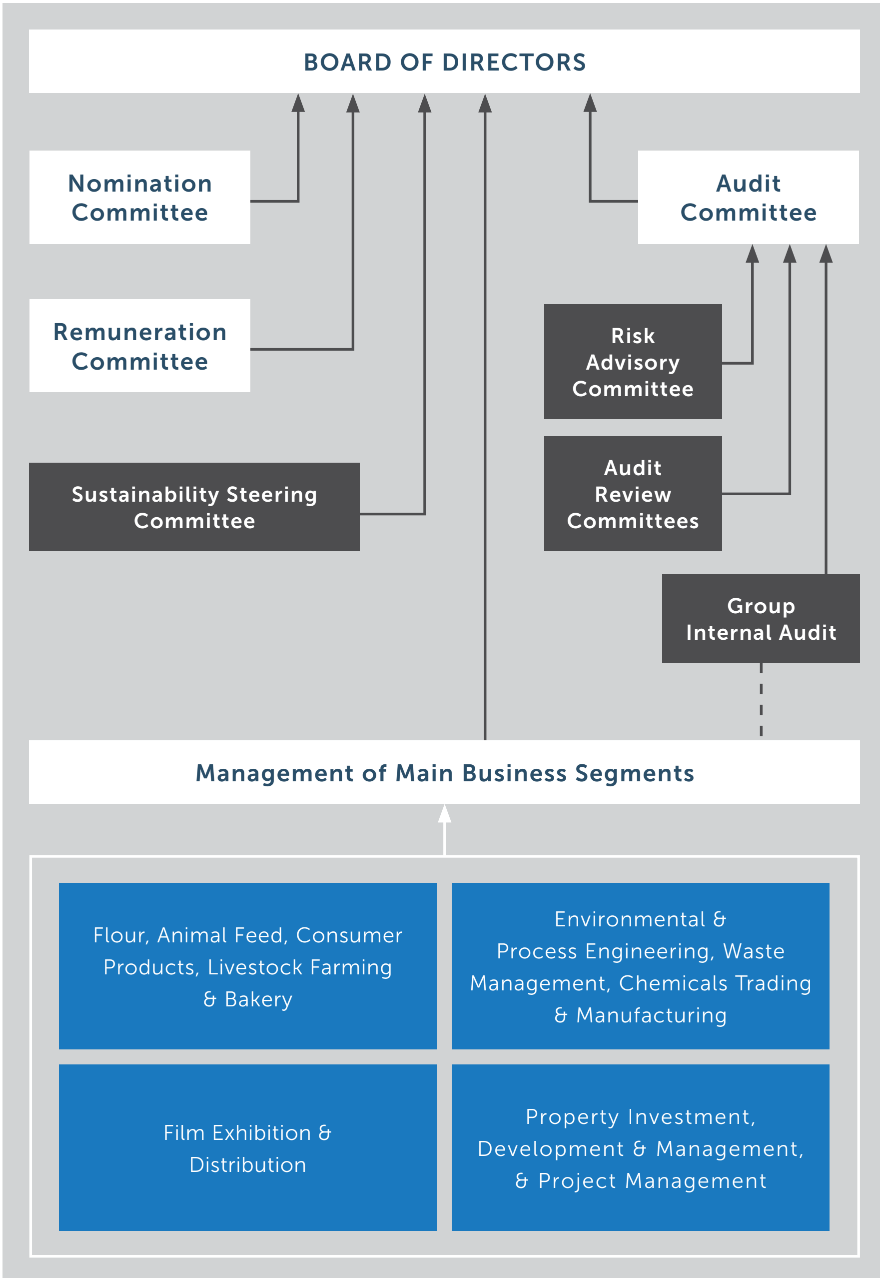
Integrity in corporate reporting and meaningful relationship with stakeholders

It also highlights key focus areas and future priorities in relation to our corporate governance practices.

This statement should be read together with the Company's Corporate Governance Report ("CGR") for FYE2018 which is based on a prescribed format to provide a more detailed description of the Group's corporate governance practices vis-à-vis the MCCG. The CGR is available on the websites of Bursa Malaysia (http://www.bursamalaysia.com) and PPB (https://www.ppbgroup.com). The CGS should also be read in tandem with the other statements in the 2018 Annual Report, viz the Audit Committee Report, Statement on Risk Management and Internal Control, and Sustainability Statement.

The Group's governance structure during the year was as follows:

GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The board charter (last updated in 2014 and being reviewed in 2019) sets out matters reserved for the Board's decision and outlines the Board's roles and responsibilities. The schedule of matters for the Board's decision includes amongst others, the overall Group strategy and direction; major policies, board and board committee appointments; approval of financial statements, corporate plans and budgets, material acquisitions and disposals of assets, and major investments.

The Board is responsible for the overall performance and control of the Group, setting and reviewing the strategic direction of the Group, and monitoring the implementation by management of that strategy. Specific responsibilities are delegated to the three main Board committees, namely the Audit, Nomination and Remuneration Committees. These committees operate within Board-approved terms of reference, and have authority to examine issues and report to the Board with their findings and recommendations.

The roles of the Chairman and Managing Director are separate. The Chairman's responsibilities include overseeing the governance process, as well as represent the Board to shareholders. The Managing Director is responsible for overseeing the development and operations of the Group's businesses, and implementing corporate strategies and objectives adopted by the Board.

The Board sets the minimum standards of conduct and personal behaviour, and to maintain a uniform set of values and ethics within the Group, a Group-wide code of ethics and code of conduct has been adopted and embedded in the respective Group employee handbooks. The codes are being reviewed and will be strengthened/expanded if necessary. A whistle-blower policy was adopted by the Company in 2015 which is incorporated in the employee handbook, and has also been adopted by the respective business units throughout the Group.

In exercising their duties, directors have access to information within the Company and the support of the company secretary. The company secretary also updates directors on statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

During the year ended 31 December 2018, the Board met five times and the record of the attendance of each Director is set out below:

Director	Number of meetings attended	% of attendance
Tan Sri Datuk Oh Siew Nam	5/5	100%
Lim Soon Huat	5/5	100%
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5/5	100%
Datuk Ong Hung Hock	5/5	100%
Soh Chin Teck	5/5	100%
Ahmad Riza bin Basir	4/5	80%
Tam Chiew Lin	5/5	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board composition

The Board comprises a majority of independent directors; of the seven Board members, four are independent. The remainder of the Board comprises two non-independent non-executive directors, and the Managing Director.

The independent directors are able to carry out their duties and express their views unfettered by familiarity, or business or other relationships. They provide skills, competencies as well as broader views to enhance the Board's effectiveness.

The board has agreed that annual shareholders' approval be sought to extend the tenure of any director who has served for more than nine years as an independent director. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid's tenure as an independent director was extended at the 49th Annual General Meeting ("AGM") of the Company in 2018 until the conclusion of the next AGM, pursuant to the recommendation in the MCCG. The Nomination Committee ("NC") and the Board are satisfied that Dato' Sufian is able to exercise independent judgment and act in the best interests of the Company, and have agreed to recommend the continuation of Dato' Sufian's term as an independent director beyond nine years, for shareholders' approval at the 50th AGM of the Company to be held on 17 May 2019.

The Board strives to achieve a balance and mix of skills, experience and perspectives amongst its directors, to collectively bring a range of experience, business, financial and technical expertise for effective oversight of the Group's diversified businesses, and fulfill the Board's duties and responsibilities.

The NC also reviews annually the training undertaken by Directors and recommends topics which are relevant or of interest to the Board to keep abreast with business and regulatory developments. In 2018, the Directors attended PPB's annual in-house training session for directors and senior management, and the topics selected were relevant and of interest to the Group and the Directors which included the following:

- an overview of the global economic and financial indicators, Malaysia's economic prospects and highlights of the 2019 Budget.
- Digital Transformation and Navigating Through its Disruptive Nature - Key drivers and trends driving the digital transformation, the disruptive nature and impact of technologies, and how to navigate businesses moving forward.
- the introduction of corporate liability in the Malaysian Anti-Corruption Amendment Act 2018, including the key features and requirements, implications on commercial organisations, directors and management, and action to be taken.

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

Name of Director	Title/Subject
Mr Lim Soon Huat	• Sustainability engagement series for directors/chief executive officers • Corporate governance briefing session: MCCG reporting & Corporate Governance Guide
Mr Soh Chin Teck	• Asian Confederation of Institute of Internal Auditors Conference 2018 • Power Talk: Effective Boards in a VUCA World
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	• Recent amendments to the Bursa Listing Requirements & Corporate Governance Guide
Madam Tam Chiew Lin	• Briefing on MFRS 9 Financial Instruments • Sustainability engagement series for directors/chief executive officers • The 8th Annual Malaysia Roundtable – Global Pensions and Investments: Impact of Fintech and the Emerging Landscape • Asian Confederation of Institute of Internal Auditors Conference 2018 • Power Talk: Effective Boards in a VUCA World • Breakfast series for directors of public listed companies: Non-financials – Does it matter?
Encik Ahmad Riza bin Basir	• Introduction to corporate liability provisions

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The criteria for the evaluation of candidates for appointment as directors (and senior management positions) include their qualification, occupation, professional and business experience, and is subject to the Company/Group's requirements and operating environment. Prospective candidates are not discriminated based on gender, age, cultural background etc.

The Group recognises the importance of identifying and developing potential leaders and managers to fill key positions (whether on the board or senior management) in the Company and Group, from both internal and external sources. This is an on-going process based on the Group's short and longer term needs in terms of skills, expertise, knowledge and experience.

Board evaluation

Candidates for board appointments are reviewed by the NC before recommendation to the Board. The NC is chaired by Encik Ahmad Riza bin Basir, an independent director.

The NC reviews annually the Board size and composition, as well as the mix of Directors necessary for the successful direction of the Company and Group's businesses. This includes an annual Board assessment, and an assessment of the independent directors, as well as an annual review of the Audit Committee. For the year under review, the Board is satisfied with the present number and composition of its members and is of the view that the Board had discharged its duties and responsibilities effectively with the current mix of skills, knowledge, experience and strengths.

Gender diversity

There is presently no formal gender diversity policy. The Board is of the opinion that it is important to recruit and retain the best available talent, taking into account the mix of skills, experience, knowledge and independence, and based on the Group's needs and operating environment. Going forward, gender diversity will be one of the factors to be considered in evaluating prospective candidates when a board vacancy arises.

Remuneration

The Board reviews the overall remuneration of executive and non-executive directors to attract and retain directors with the relevant experience and expertise.

The Managing Director's remuneration is determined after taking into account his duties and responsibilities as Managing Director of PPB, his roles in various capacities in the main business units, and also the Group's performance for the year. For non-executive directors, the remuneration reflects their roles and responsibilities, and the recommendation thereof is a matter for the Board as a whole subject to shareholders' approval.

The details of the individual directors' remuneration paid/payable for FYE2018 on a Group and Company basis are set out below:

GROUP							
Figures in RM'000	**Fees**	**Salary**	**Bonus**	**Meeting allowances**	**Benefits-in-kind**	**EPF***	**Total**
Executive Director							
Lim Soon Huat	22	1,104	1,800	-	34	466	3,426
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	505	-	-	7	77	-	589
Datuk Ong Hung Hock	80	1,092	1,350	8	33	147	2,710
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	93	-	-	13	-	-	106
Soh Chin Teck	100	-	-	28	-	-	128
Ahmad Riza bin Basir	78	-	-	13	-	-	91
Tam Chiew Lin	90	-	-	15	-	-	105

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPANY							
Figures in RM'000	**Fees**	**Salary**	**Bonus**	**Meeting allowances**	**Benefits-in-kind**	**EPF***	**Total**
Executive Director							
Lim Soon Huat	-	1,104	1,800	-	34	466	3,404
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	505	-	-	7	77	-	589
Datuk Ong Hung Hock	75	-	-	8	-	-	83
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	93	-	-	13	-	-	106
Soh Chin Teck	100	-	-	25	-	-	125
Ahmad Riza bin Basir	78	-	-	13	-	-	91
Tam Chiew Lin	90	-	-	15	-	-	105

* *Employees Provident Fund*

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FYE2018 on an aggregated basis in RM50,000 bands is as follows:

Remuneration bands	Number of senior management staff
RM1,100,001 – RM1,150,000	1
RM1,250,001 – RM1,300,000	1
RM1,400,001 – RM1,450,000	2
RM1,550,001 – RM1,600,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee ("AC") comprises entirely of independent directors; the AC Chairman is also separate from the Chairman of the Board.

The principal functions of the AC include the following:

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

The members of the AC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the AC's terms of reference. An annual self and peer evaluation of the AC is carried out and reviewed by the NC.

The Audit Committee Report on pages 53 to 57 of the annual report provides more details on the AC's functions during the year.

Risk Management and Internal Control Framework

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 and safeguard the Group's assets. It therefore provides reasonable but not absolute assurance against material misstatement, fraud or loss.

A risk management and internal control framework has been established which covers the Group's risk assessment process and internal controls, with oversight and reporting on the effectiveness of this function. There were no significant risk management and internal control failings or weaknesses which resulted in material losses or contingencies during the financial year.

The Statement on Risk Management and Internal Control set out on pages 58 and 59 of the 2018 Annual Report provides a more detailed description of the state of risk management and internal controls.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with stakeholders

PPB's Corporate Disclosure Policy ("CDP") sets out the disclosure policies and procedures, and provides a framework to communicate effectively with stakeholders and the public generally. The policy may be viewed at the Company's website: https://www.ppbgroup.com/investor-relations/corporate-disclosure-policy.php

The Company seeks to provide stakeholders with timely, accurate, clear and equal access to material information on the Company's performance and operations. The principal sources of information disseminated by the Company during the year include the annual report, quarterly investor updates, news releases and company website.

PPB's investor relations programme is directed at both individual and institutional investors, the objective of which is to maintain ongoing awareness of the Company's performance amongst shareholders, media and the investing community. This includes twice-yearly analyst briefings after the release of the half-yearly and final results together with media conferences. The Company also makes every attempt to meet requests for meetings or information from the investing community.

In respect of integrated reporting <IR>, the Board is of the opinion that there must be a sufficient timeframe for <IR> to be better understood and appreciated by management; and that there should be minimal duplication of the same information which is required to be disclosed pursuant to other legislation. The present contents of the annual report contain financial and non-financial information are considered to provide a fairly comprehensive overview of the Group. No timeframe has been fixed for the adoption of <IR> for the time being.

Conduct of general meetings

Meetings of the Company's shareholders are held in the Klang Valley, Peninsular Malaysia. The venue of the meeting is centrally located, accessible by public transport, and there is ample parking space in and around the premises.

The notice of the 50th AGM was sent to members 28 days before the meeting together with the 2018 Annual Report. The AGM notice sets out the resolutions to be tabled and includes explanatory notes and other relevant information on the matters to be discussed and decided at the AGM. Shareholders can exercise their votes either in person, or appoint a representative or proxy to attend and vote on their behalf.

All Board members including the respective chairs of the various committees attend AGMs and are available to deal with any questions on matters under their purview. At the meetings, shareholders can express their views or raise questions relating to the Group's financial performance and business operations.

The Company will explore the use of technology to facilitate voting in absentia and/or remote shareholders' participation at general meetings, taking into consideration the accuracy and stability of such technologies, applicable laws and regulations, and resources required vis a vis the benefits.

FOCUS AREAS ON CORPORATE GOVERNANCE

The Group strategic plan is reviewed at intervals and updated to reflect changes relating to the Group's environmental influences, opportunities and concerns. A review of the strategic plan is being carried out in 2019 which will incorporate, inter alia economic, environmental and social considerations (ie sustainability). The updated strategic plans will be endorsed by the respective business segments before being tabled for adoption by PPB Board.

The aforesaid review of the strategic plan will also cover other governance areas such as the board charter, various policies and practices etc, as part of an overall exercise to align them with the latest regulatory and operating environment, based on a more holistic approach.

This statement is made in accordance with a resolution of the Board of Directors dated 28 March 2019.

AUDIT COMMITTEE REPORT

Composition

The members of the Audit Committee ("AC") during the financial year ended ("FYE") 31 December 2018 comprised the following Directors:

Name of AC member	Membership	Directorship
Mr Soh Chin Teck	Chairman	Independent Non-executive
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-executive
Madam Tam Chiew Lin	Member	Independent Non-executive

Meetings

The number of AC meetings held in FYE 31 December 2018 and details of attendance of each committee member are as follows:

	No. of Audit Committee meetings	
Name of AC member	Held	Attended
Mr Soh Chin Teck	5	5
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	5
Madam Tam Chiew Lin	5	5

Summary of the work of the AC

For FYE 31 December 2018, the AC performed the duties specified in its terms of reference as follows:

Financial reporting

1. At the close of each quarter, the AC reviewed the quarterly financial statements of PPB Group Berhad ("PPB"). The Chief Financial Officer ("CFO") of PPB presented to the AC the consolidated financial statements, supported by the Heads of Finance of the respective main subsidiary business units. Questions and/or concerns raised by the AC on the financial statements are addressed accordingly.

2. At the AC meeting held on 27 February 2019, the AC reviewed together with the CFO, the external auditors', Mazars PLT ("Mazars") audit completion presentation on the 2018 PPB Group financial statements. The following were highlighted:

   a) Key audit areas including key audit matters ("KAM") and their findings; and
   b) Other audit areas, their findings and recommendations.

   The AC sought explanation on significant key audit areas and observations. The AC also reviewed and deliberated on the following KAMs identified by Mazars to be included in the independent auditors' report for FYE 2018:

   - goodwill
   - investment in associates

AUDIT COMMITTEE REPORT

3. The AC reviewed with the CFO the audited financial statements of PPB and its subsidiaries ("Group") for FYE 2018 and the following were highlighted:

    a) Relevant amended Financial Reporting Standards ("FRS") reflected in the audited financial statements.
    b) Significant accounting matters.
    c) Major assumptions relating to management judgements and estimates.
    d) Financial risk management objectives and policies.

    The CFO addressed all questions and/or concerns from the AC accordingly.

External audit

4. The AC reviewed with Mazars the FYE 2018 audit plan which included the following:

    - Mazars' engagement team and scope of engagement;
    - Directors' responsibilities for the financial statements, including going concern, fraud, audit and other information in the annual report;
    - Auditors' responsibilities relating to the financial statements and other information;
    - An overview of Mazars' risk-based audit approach;
    - New accounting standards, amendments and interpretations effective from FYE 2018, and other standards issued but not yet effective;
    - The Group's key audit areas and audit time-table for 2018;
    - Mazars' independence policies and procedures. The audit engagement partner and manager responsible for the audit of the PPB Group financial statements have been rotated in accordance with Mazars' professional ethics and independence policies;
    - Audit on information technology ("IT") focusing on IT usage/applications with direct or significant impact on the financial statements; and
    - Discussion with directors and management on fraud.

5. The AC met twice with Mazars without the presence of management. At these meetings representatives from Mazars (including the various audit managers engaged in the audit of the main business units) informed the AC that they had not encountered any problems, and are satisfied with the co-operation and support given by management and staff of the group in the course of their audit for FYE 2018.

6. At the AC meeting held on 27 February 2019, Mazars reported that they had substantially completed the Group audit for FYE 2018 with no major issues encountered and that they would be issuing an unqualified audit report on the consolidated financial statements.

7. The AC reviewed with Mazars the results of their evaluation of the Group's system of internal control as set out in their 2018 Audit Completion Report which included Mazars' recommendations for improvements to IT general control.

8. The AC reviewed several non-audit services provided by Mazars and its affiliates to PPB Group in accordance with the Group "*Policies and Procedures to assess the suitability and independence of external auditors*" and is satisfied that the provision of the non-audit services did not impair their objectivity or independence as external auditors.

AUDIT COMMITTEE REPORT

Internal audit

9. Four Audit Review Committees ("ARC") have been established for each of the main business divisions in the Group. ARC meetings are usually held quarterly before the scheduled AC meetings, and chaired by the CFO. The ARC meetings serve as an avenue for more in-depth discussion of issues raised in the internal audit reports.

   Senior management of the subject entity are invited to ARC meetings to facilitate discussions and provide further explanation, feedback, updates and action plans on internal audit issues raised. AC members may attend selected ARC meetings to seek explanations or participate in deliberations between management and ARC members.

10. Significant audit issues raised in ARC meetings are further discussed at AC meetings and where necessary, the chief executives of the subsidiaries may be invited to attend AC meeting to provide further information and explanation.

11. The AC reviewed the findings of PPB Internal Audit Department ("PPBIAD") reports and noted the discussions at ARC meetings. ARC members of the respective business units ensure prompt follow-up on key outstanding audit issues not resolved at ARC meetings.

12. The AC reviewed and approved PPBIAD's 2018 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the AC.

13. At the AC meeting held on 26 November 2018, the AC assessed the performance and competency of PPBIAD including assessing the adequacy of their manpower and other resources, and is satisfied with PPBIAD's performance and adequacy of its resources.

Related party transactions ("RPT") and conflict of interest ("COI") situations

14. The AC noted the methods and procedures (which are reviewed by PPBIAD) by which prices and other terms of recurrent related party transactions ("RRPT") are determined, and inter-alia covers PPB Group's procedures and processes to identify, track and monitor RRPTs.

15. The AC reviewed RPT issues including any COI situations as and when highlighted in internal audit reports.

16. The AC noted the RPTs and RRPTs entered into by the Group in FYE 2018.

Risk management

17. The AC provided oversight, direction and resources for the implementation of the risk management framework in the following key areas:

    a) assessing the effectiveness of the Group's enterprise-wide risk management framework.
    b) reviewing the risk reports of the Group on a quarterly basis.
    c) ensuring the risk management activities of risk identification, assessment, action plans and monitoring of key risks are implemented throughout the organisation.
    d) ensuring key risks of the Group are managed appropriately in order to assure the Board that the residual risk ratings meet the Group's risk appetite.

AUDIT COMMITTEE REPORT

Others

18. The AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the 2018 annual report.

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

Entity/Location	Business activity
FFM Grains & Mills Sdn Bhd – Pasir Gudang, Johor	Flour and feed milling
Southern Marina Development project – Puteri Harbour, Iskandar Johor	Property development
GSC Paradigm Cineplex – Johor Bahru, Johor	Film exhibition
Johor Bahru Flour Mill Sdn Bhd – Prai, Penang	Flour and feed milling
Taman Tanah Aman project – Bukit Mertajam, Penang	Property development
Proposed Fettes Park project – Penang	Land for development
Taman Sinar Mentari project – Bedong, Kedah	Property development
New World Park and Whiteaways Arcade – Penang	Investment properties
GSC Queensbay Mall Cineplex – Penang	Film exhibition

Internal audit function

The internal audit function of the Group is performed in-house by staff of PPBIAD. PPBIAD reports directly to the AC and all its internal auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The total cost incurred by PPBIAD for the internal audit function of the Group for FYE 31 December 2018 was about RM2.4 million.

Summary of the work of PPBIAD

The activities and processes of PPBIAD are guided by its charter and conforms to the '*International Standards for the Professional Practice of Internal Auditing*' issued by the Institute of Internal Auditors ("IIA"), as well as the annual audit plan approved by the AC. PPBIAD adopts a risk-based approach in the development of its audit plans.

AUDIT COMMITTEE REPORT

During FYE 31 December 2018, PPBIAD:

Key audit areas

1. Reviewed the top risks identified by management of PPB and its subsidiaries, including additional risk areas identified by PPBIAD and tested the adequacy and effectiveness of the key internal controls to manage those risks.

2. Reviewed the systems in place to ensure compliance with policies, plans, rules and regulations which may have significant impact on PPB Group.

3. Reviewed controls to safeguard assets and where appropriate, verified the existence of such assets.

4. Reviewed the effectiveness and efficiency of operations and ascertained whether results are consistent with PPB's objectives and goals.

5. Reviewed the Company's application of the relevant principles and recommendations in the Malaysian Code on Corporate Governance.

6. Reviewed RPTs and RRPTs and reported on any COI situations identified during the course of audit which did not adhere to relevant policies, rules and regulations.

Reporting and communication flow

7. Staff of PPBIAD attended 14 quarterly ARC meetings held in 2018 to discuss their audit reports.

8. The Head of Internal Audit ("HIA") met on a one-on-one basis with the AC Chairman on 7 occasions in 2018 to review key audit issues prior to scheduled AC meetings; at these discussions, the AC Chairman provided guidance and support to further improve the efficiency and effectiveness of PPBIAD.

9. At each AC meeting, PPBIAD highlights critical and important audit issues in the internal audit reports with particular emphasis on any key unresolved issues.

Resources

10. PPBIAD's head count as at 31 December 2018 was 10. The HIA, Mr Lim Thiam Beng is a Member of IIA Malaysia, Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. All PPBIAD's auditors have at least a relevant tertiary education.

11. Staff of PPBIAD attended relevant courses and seminars organized by IIA Malaysia and other professional/regulatory bodies to keep abreast with the latest auditing techniques and regulatory requirements.

(The terms of reference of the AC can be viewed on PPB's website at www.ppbgroup.com)

Soh Chin Teck
Audit Committee Chairman

28 March 2019

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

1. Control environment

The Group considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is a 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 employees are communicated to them via the employee handbook or letters of appointment.

2. Risk management

A formal Group-wide enterprise risk management ("ERM") framework has been established, which is aligned to ISO31000: Risk Management, covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the Group.

This process was in place throughout the year and is regularly reviewed and monitored by the Audit Committee ("AC") for its adequacy and effectiveness and reported accordingly to the Board.

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

- A formal set of risk policy and guidelines has been established and approved by the Board and communicated to employees throughout the Group through risk awareness sessions and workshops;

- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, AC, Risk Advisory Committee ("RAC") and the various subsidiary risk committees, has been established and approved;

- The RAC reports on the Group risk profile for review by the AC, and the AC reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;

- The appointment of a Group Chief Risk Officer ("GCRO") at the holding company (PPB Group Berhad) and risk officers at the subsidiaries to ensure leadership, direction and coordination of the Group-wide application of risk management;

- The scope of the Group-wide risk assessment process encompasses strategic, financial, operational, health and safety, asset security, human resources, legal and regulatory. The key risks identified in these areas are deliberated and assessed during the risk assessment workshops;

- The risk assessment sessions are mainly carried out through meetings or facilitated workshops by the ERM team or the subsidiaries' risk officers. They provide independent assessment of new/existing risks identified, and risk ratings determined by the respective risk owners based on the risk appetite set by the Board;

- The risk officers also provide guidance to the risk owners on the development and adoption of appropriate management action plans to mitigate the risks, should the control effectiveness of the existing controls be assessed to require further improvements;

- The heads of the strategic business units, with assistance from their risk officers are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring management action plans and reporting all risks to the GCRO, who will subsequently table the Group's key risks to the RAC, AC and Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The identification and monitoring of key risk indicators ("KRIs") have been rolled out to the Group, which assist risk owners to assess the risk ratings and the need for further management action plans to mitigate the risks should the KRIs indicate an adverse trend; and

- Ongoing risk management education and training is provided at management and staff levels.

As part of the Group's effort to remain resilient in times of crisis, a Group-wide business continuity management ("BCM") framework has been established. This is to provide a structured approach to assist management to respond, recover and resume normal operations in a more efficient and effective manner, in the event of a crisis. A Group BCM Strategic Roadmap has been developed to implement the BCM programme throughout the group in phases. The BCM programme incorporates the awareness sessions, risk assessment, business impact analysis, development of the recovery strategies/plans and cascading of the business continuity plans (BCPs) to relevant staff. The BCPs are reviewed and updated regularly to enhance our capabilities to meet customers, regulatory bodies and other stakeholders' requirements.

3. Control activities

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

There are comprehensive budgets, requiring board approval, which are reviewed on a regular basis.

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.

Whistleblowing policies and procedures are in place to provide a platform for employees to report on actual or suspected malpractice, misconduct or violation of applicable laws and regulations in a responsible and effective manner.

5. Monitoring

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

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the AC, which receives regular reports from the internal auditors. Formal procedures are in place for actions to be taken to remedy any significant failings 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 a 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. Associates have been excluded because the Group does not have full management and control over them.

28 February 2019

SUSTAINABILITY STATEMENT

In line with its vision and core values, PPB Group Berhad ("PPB") aspires to achieve excellence in sustainability by integrating sustainable practices into every one of its business activities.

The PPB Board ("the Board") has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of PPB and its subsidiaries in Malaysia ("the Group"). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee ("SSC") was established in August 2017. The SSC is chaired by PPB's Managing Director and comprises PPB's Head of Corporate Affairs as Group Chief Sustainability Officer, PPB's Department Heads and the Sustainability Officers of the various subsidiaries.

The SSC reports twice-yearly to the Board and is responsible for:

Developing and driving the implementation of sustainability policies and strategies, plans and project budgets.

Reviewing and reporting on progress against sustainability strategies, targets, plans and budgets.

Developing an annual Sustainability Statement.

Identifying, communicating and promoting best sustainability practices in the Group.

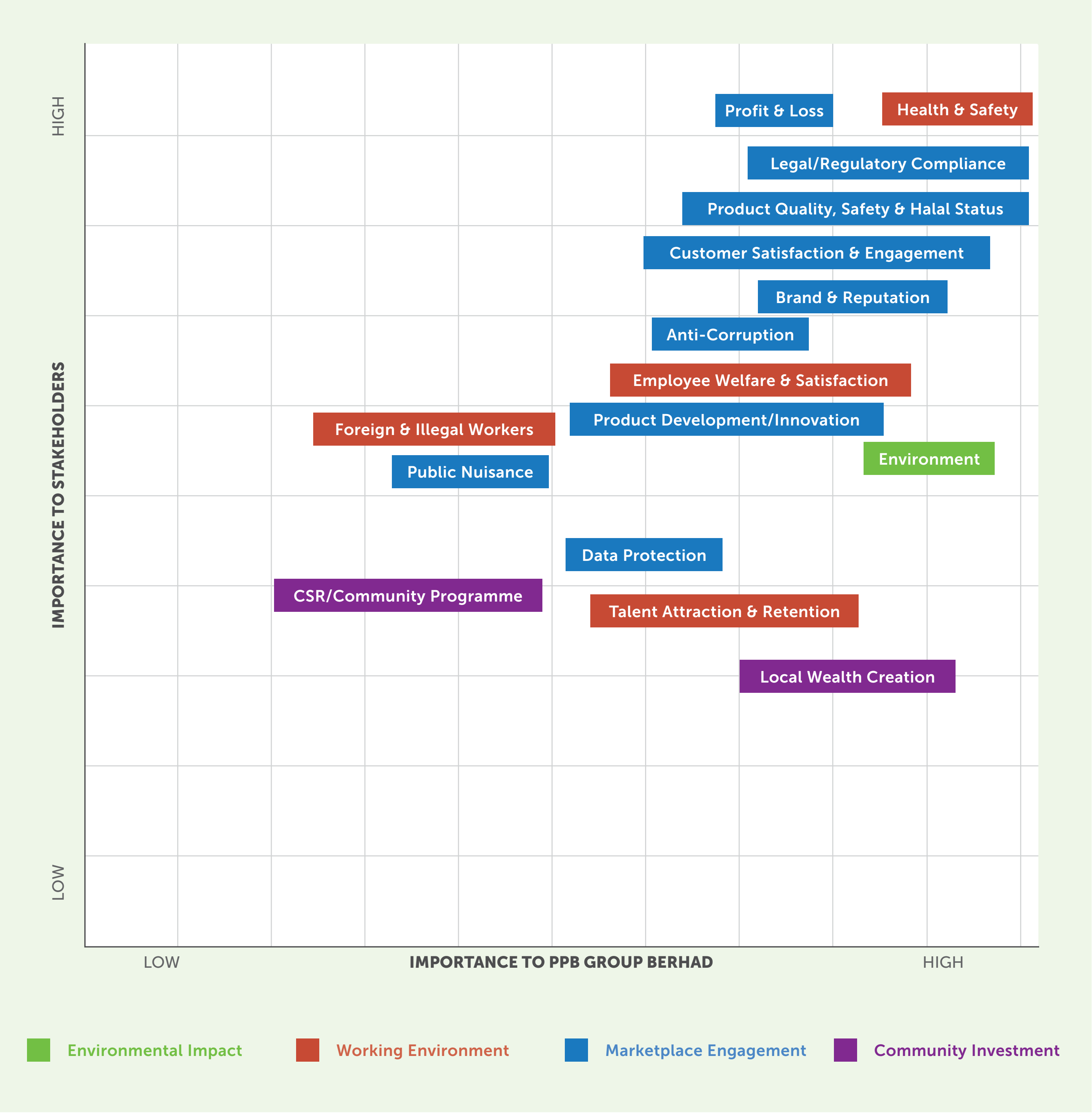
About this statement

This is our third Sustainability Statement based on the Bursa Malaysia Securities Berhad listing requirements and sustainability parameters aligned to international reporting guidelines and frameworks, such as the Global Reporting Initiative (GRI).

During our first reporting process in 2016, a materiality matrix of issues was validated by our various divisions and combined into a consolidated matrix of 16 prioritised issues relating to the activities of the Group. This was subsequently approved by the Board and formed the basis of an agreed set of key performance indicators ("KPIs") used to report on our sustainability performance. To ensure that new developments within our businesses are taken into consideration, as well as to reflect wider changes to the sustainability agenda, we plan to undertake a review of our materiality assessment and targets in 2019.

SUSTAINABILITY STATEMENT

GROUP MATERIALITY MATRIX



SUSTAINABILITY STATEMENT

Our first Sustainability Statement described our performance on key non-financial metrics, highlighted areas where our sustainability management and processes could be strengthened, as well as provided a basis for us to continually improve on our subsequent reporting to better meet our stakeholders' expectations. We started by setting targets in 2016, and in the next two years, we focused on the set targets, the most material challenges, as well as improved our sustainability reporting and documentation. An overview of our achievements and progress is presented below, along with our targets for 2019.

ACHIEVEMENTS AND PROGRESS

2017

- Established a Sustainability Steering Committee to drive policy implementation and strategy.
- Established a CSR Task Force to develop a community development strategy.
- Commissioned carbon footprint assessment for flour and animal feed milling and cinemas divisions.
- GSC launched single-use plastic bottle recycling programme for its cinemas.
- Livestock farming division achieved 31.6% reduction in accidents.

2018

- Adopted Group Sustainability Policy and Human Rights Policy.
- Commissioned energy audit/ reduction plan for flour and animal feed milling and cinemas divisions.
- Commissioned water footprint assessment/reduction plan for cinemas and property divisions.
- Livestock farming division achieved 30.8% reduction in accidents.
- GSC reduced its water consumption by 4.27%.
- PPB Group Berhad included in the FTSE4Good Index Series.
- Launched nutritional information for GSC's hot foods.

TARGETS

2019

- Zero fatalities for all business divisions.
- Flour and animal feed milling and cinemas divisions to implement recommendations made in the energy reduction plan where applicable and practicable and monitor on a regular basis.
- Cinemas and property divisions to implement recommendations made in the water reduction plan where applicable and practicable and monitor on a regular basis.
- Review materiality assessment.

In the following sections, we report on our performance in greater detail based on the four pillars of our approach to sustainability – environmental impact, working environment, marketplace engagement and community investment.

Our sustainability reporting covers only our Malaysian operations from our main segments – *Grains and agribusiness, Consumer products, Film exhibition and distribution, Environmental engineering and utilities,* and *Property*.

ENVIRONMENTAL IMPACT

We recognise the importance of environmental protection for the long term sustainability of our businesses. Our materiality assessment in 2016 showed that the most immediate issues within our own operations relate to resource use and the impact of this use – particularly water and energy, and the waste generated. We mainly operate in industrialised zones and urban areas, primarily in the Klang Valley, Malaysia and have relatively little direct impact on biodiversity. Our most significant action points therefore target the reduction of our climate impacts through minimising our carbon footprint and energy consumption, reducing our water impact and improving waste management.

SUSTAINABILITY STATEMENT

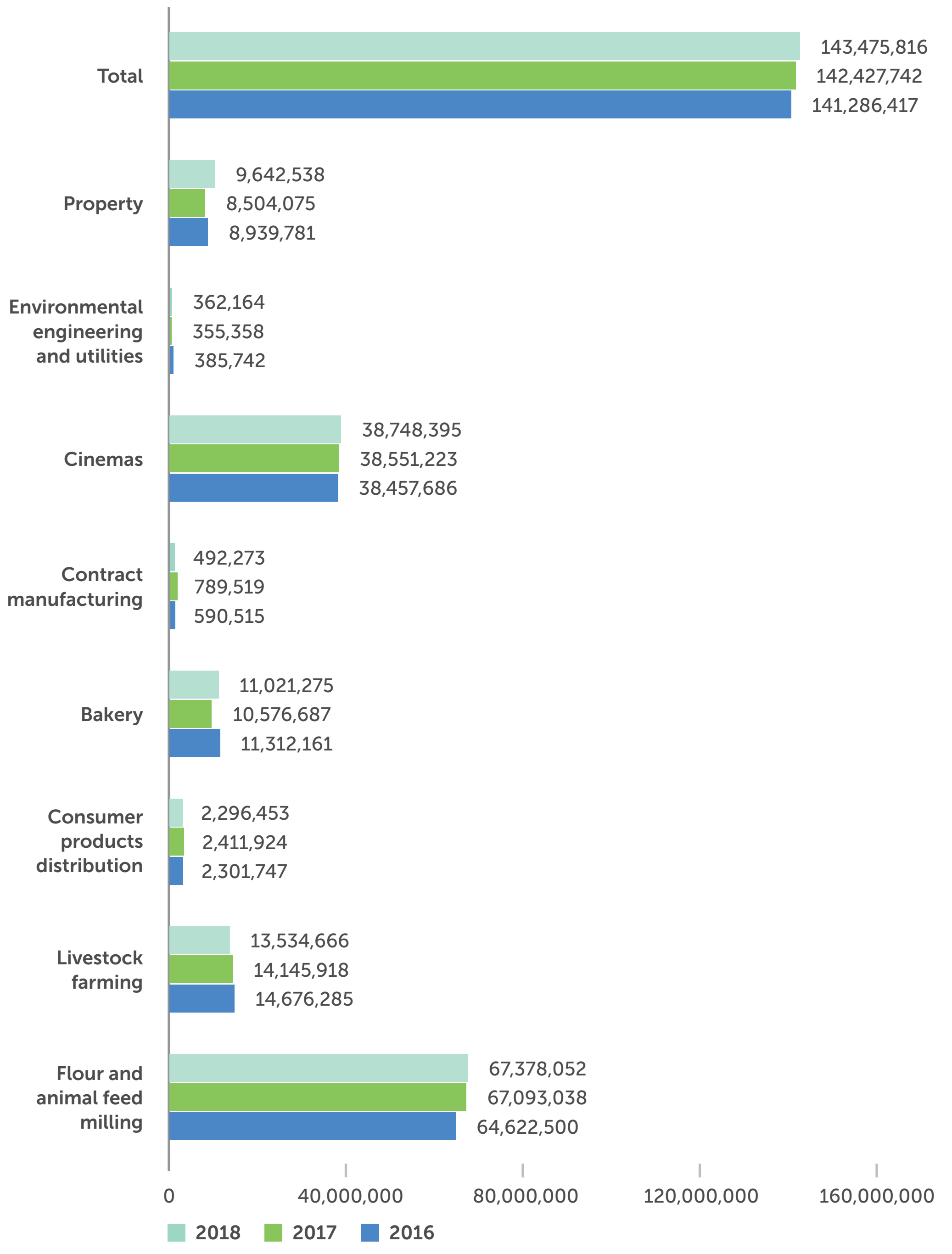
Carbon footprint and energy consumption

Electricity consumption is the largest direct source of carbon emissions by the Group and we are committed to manage and reduce our energy usage, as well as to lower the impact of our operations on climate change.

As a first step to address our impact on climate change, we commissioned a carbon footprint assessment in 2017 of our top energy-consuming divisions – flour and animal feed milling, and cinemas – which helped establish a baseline for future reporting. In 2018, we continued to map our energy use across all business divisions[i], and commissioned an energy audit/reduction plan for all our flour and animal feed mills, and four of our cinemas in the Klang Valley which is representative of cinema types in the GSC circuit.

Based on the carbon footprint reports and the energy reduction plans, we will implement recommendations where applicable and practicable in 2019. We will also continue to monitor conservation of energy and reduction of carbon footprints of these same divisions in 2019 and beyond.

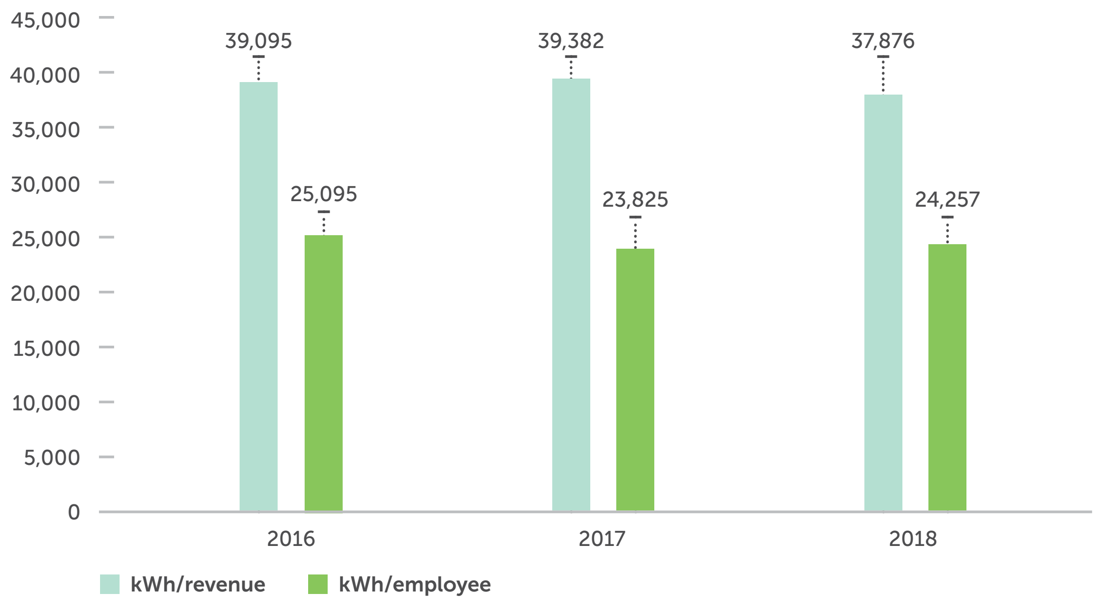
Energy usage in kWh by business unit (2016-2018)



Note:
Energy usage does not include PPB Head Office or operations outside Malaysia.

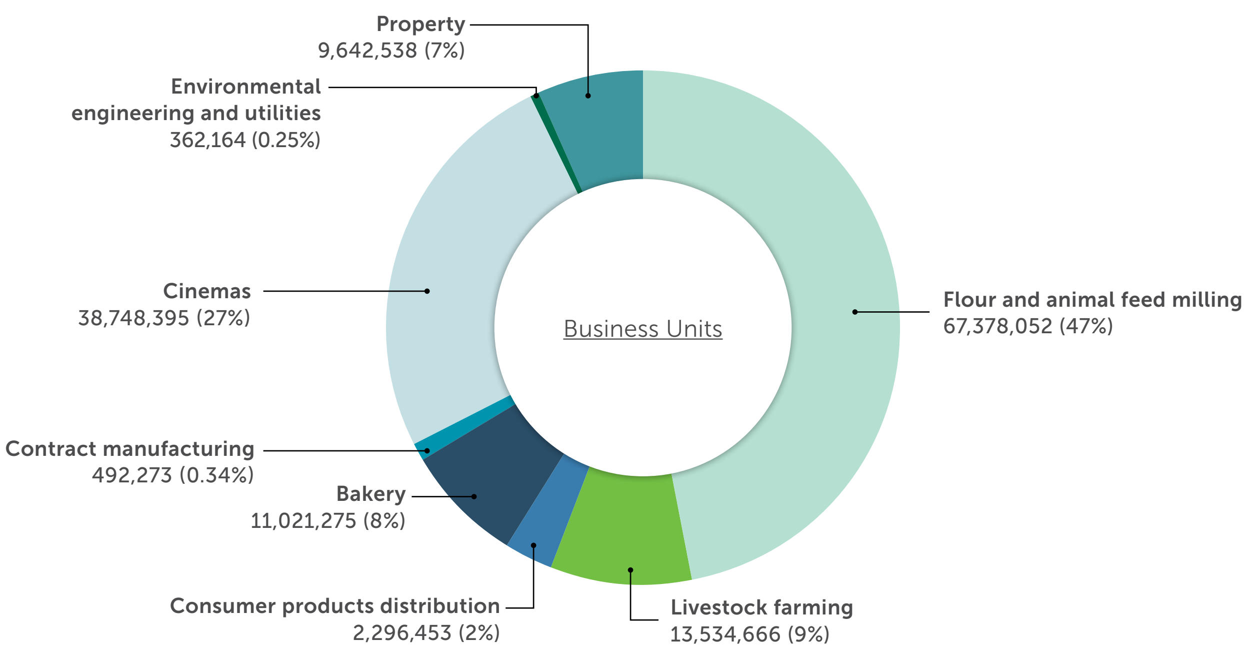
SUSTAINABILITY STATEMENT

Energy usage in kWh per employee and kWh per million RM revenue



The Group's energy usage saw a slight overall increase of 0.74%, mainly due to the addition of 15,000 sq. ft. of nett lettable area at Cheras LeisureMall (CLM), a Klang Valley shopping mall owned and managed by PPB, and the opening in January 2018 of an air-conditioned elevated pedestrian link bridge connecting CLM to the Taman Mutiara MRT station.

Energy usage in kWh by business unit (2018)



SUSTAINABILITY STATEMENT

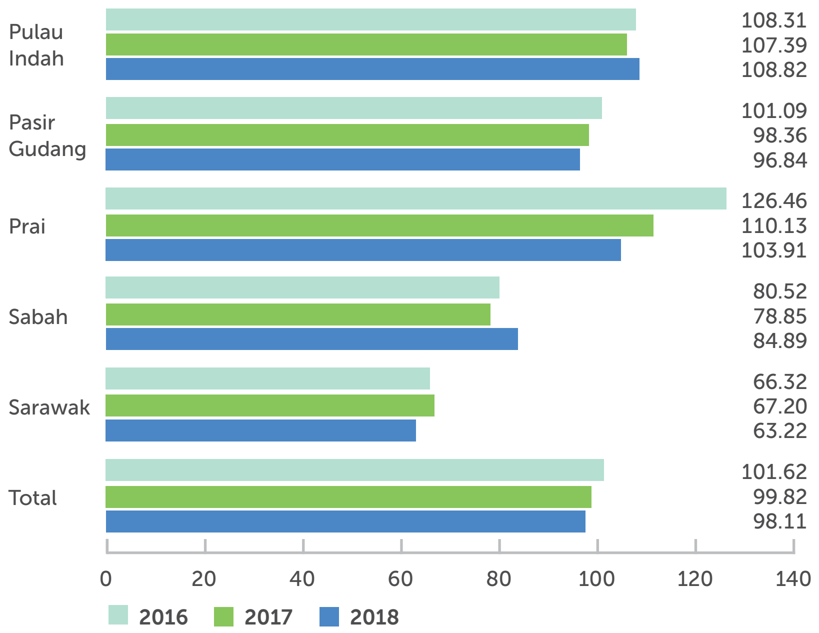
Flour and animal feed milling

Milling is an energy-intensive activity and our flour and animal feed milling division accounted for about 47% of total Group energy usage in 2018. Energy consumption in this division is measured in kilowatt-hours per tonne of milled product (kWh/MT) and we strive to achieve optimum mill energy consumption. For 2018, our flour mills reduced their energy usage per unit output by 1.71% due to an increase in production output leading to better economies of scale, while our animal feed operations saw an increase of 3.25% due to different product mix which required higher energy usage[ii]. Overall, this resulted in our flour and animal feed milling division recording a 3.17% increase in energy usage in kWh/MT in 2018.

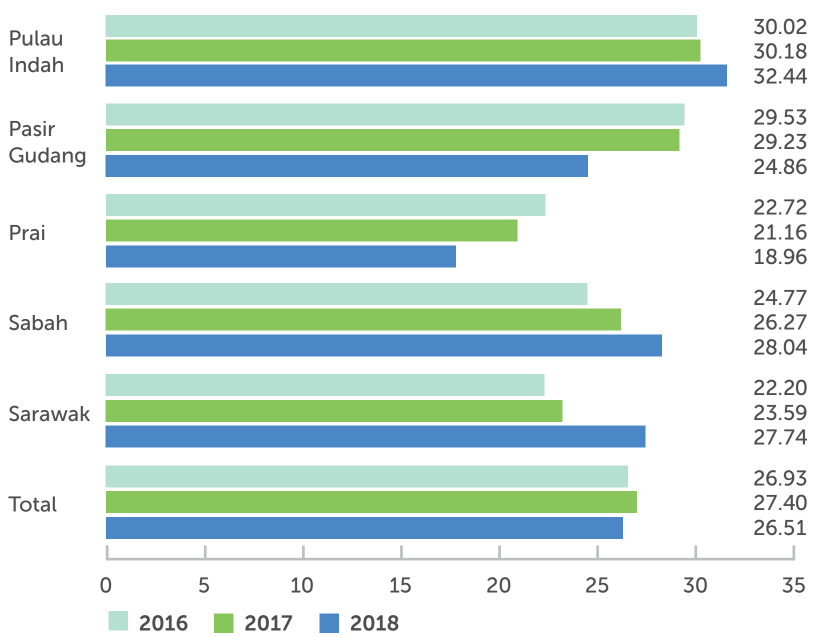
In our 2016 Sustainability Statement, we set a target for our flour production operation in Pulau Indah, Selangor to reduce consumption by 2 kWh/MT by the end of 2019. The site subsequently recorded a decrease of 0.92 kWh/MT in 2017. However, in 2018 it recorded an increase of 1.43 kWh/MT due mainly to the incorporation of additional equipment in the production process to meet specific requirements of customers. As this will be an ongoing process, the site has revised its target to cover both its flour and feed operations – to not exceed industry averages from the US of 108 kWh/MT for flour and 32 kWh/MT from the UK for feed, effective from 2019. These targets will also apply to all flour and feed operations in the division which remains committed to reducing energy consumption on a kWh/MT basis.

Initiatives established by the division to conserve energy and mitigate the impact of our energy use include preventive maintenance, upgrading to energy-saving LED lights, installing solar panels for street lighting, energy-efficient start-up procedures for main motors and replacing old roller mills with those of higher capacity but lower energy consumption.

Flour energy usage in kWh/tonne by mill (2016-2018) - Malaysian operations only



Feed energy usage in kWh/tonne by mill (2016-2018) - Malaysian operations only

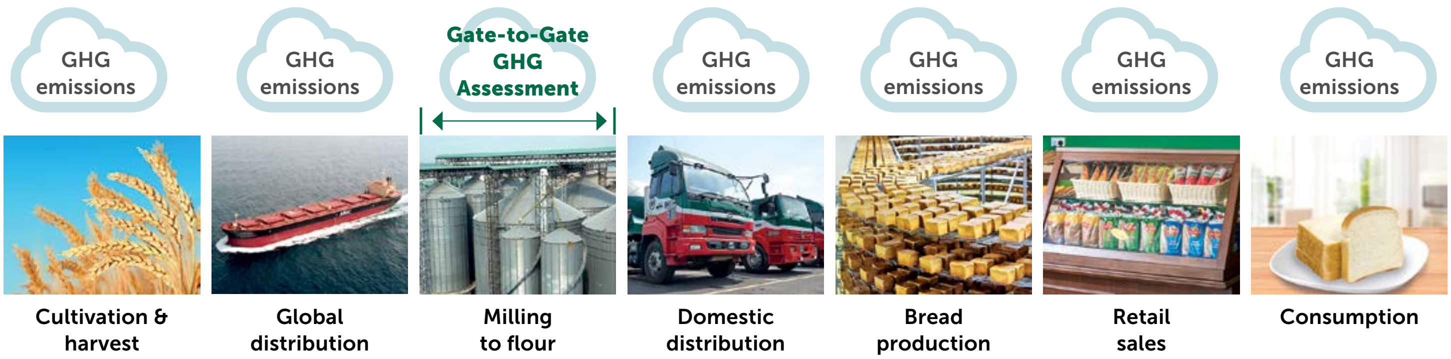


SUSTAINABILITY STATEMENT

Greenhouse gas (GHG) emissions – Flour and animal feed milling

As part of our materiality assessment and sustainability roadmap, we identified carbon emissions from our flour and animal feed milling as a priority area for the Group, and completed a carbon assessment (Scopes 1 and 2) of our Malaysian operations in 2017. This is our second carbon report and we have added Scope 3 (land and air travel by employees) for a more complete report on our emissions.

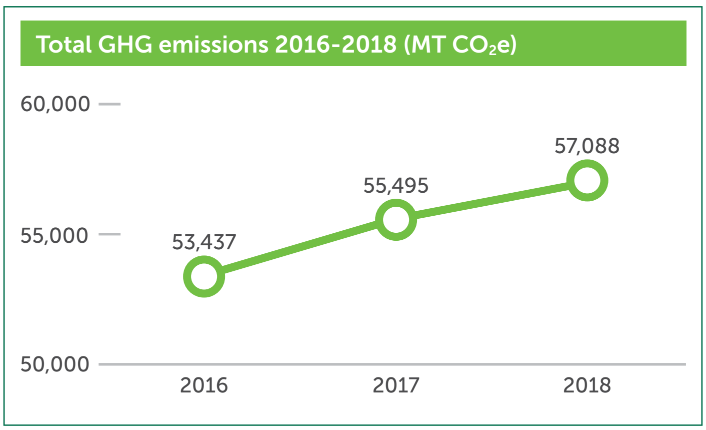
The carbon calculations were undertaken on a gate-to-gate basis. This means they exclude emissions from all external sources attributed to the production and transport of raw materials into the division's operational sites, the transport of products out of the sites, as well as emissions from downstream processing and consumption.



(GHG=Greenhouse Gas)

For 2017 and 2018, the total emissions from our flour and animal feed milling operations were 55,495 tonnes of CO_2 equivalent (MT CO_2e) and 57,088 MT CO_2e respectively. The slight year-to-year increase of 2.87% is not unexpected as our total flour and animal feed production saw an increase of 1.59% in the same period.

The 3-year trend of our overall GHG emissions is as follows:



In order to quantify emissions per unit of production, the product carbon footprint of the output of the flour and animal feed mills has to be calculated. This metric is important to external buyers and end-users who require the information for incorporation into the calculation of their own product footprint. The product carbon footprint per tonne of our flour and feed in 2018 is at 0.0574 MT CO_2e, a small increase of 1.26% as compared to 2017.

Product carbon footprint = Emissions / Product Output

Gate-to-Gate	2016	2017	2018
Total Emissions (MT CO_2e)	53,437	55,495	57,088
Total Flour & Feed Outputs (MT)	943,715	979,095	994,671
Carbon Footprint (MT CO_2e/MT)	0.0566	0.0567	0.0574

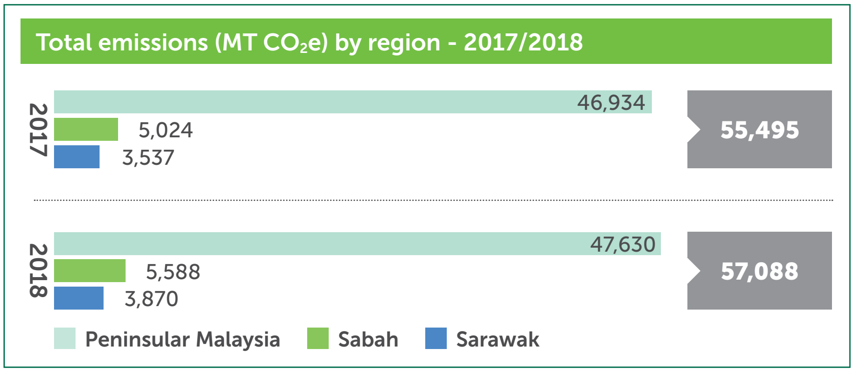
SUSTAINABILITY STATEMENT

In terms of emissions scope, indirect emissions under Scope 2 (i.e. grid electricity) remain the largest contributor to the overall emissions at 88.7%, while direct emissions under Scope 1 (derived from diesel, petrol, natural gas and fuel oil used at the mills) constituted only 11.1%. Indirect emissions under Scope 3 (for land and air travel by our employees) are very low, at only 0.15%.

GHG emissions for 2018 (MT CO_2e)

Scope One	11.1%	Petrol/diesel/ fuel oil/natural gas
Scope Two	88.7%	Electricity
Scope Three	0.15%	Employees' land/air travel

Our milling operations in Peninsular Malaysia generated the largest emissions compared to our operations in Sabah and Sarawak. Emissions from all three regions showed a slight increase in 2018 due to higher production outputs.



Cinemas division

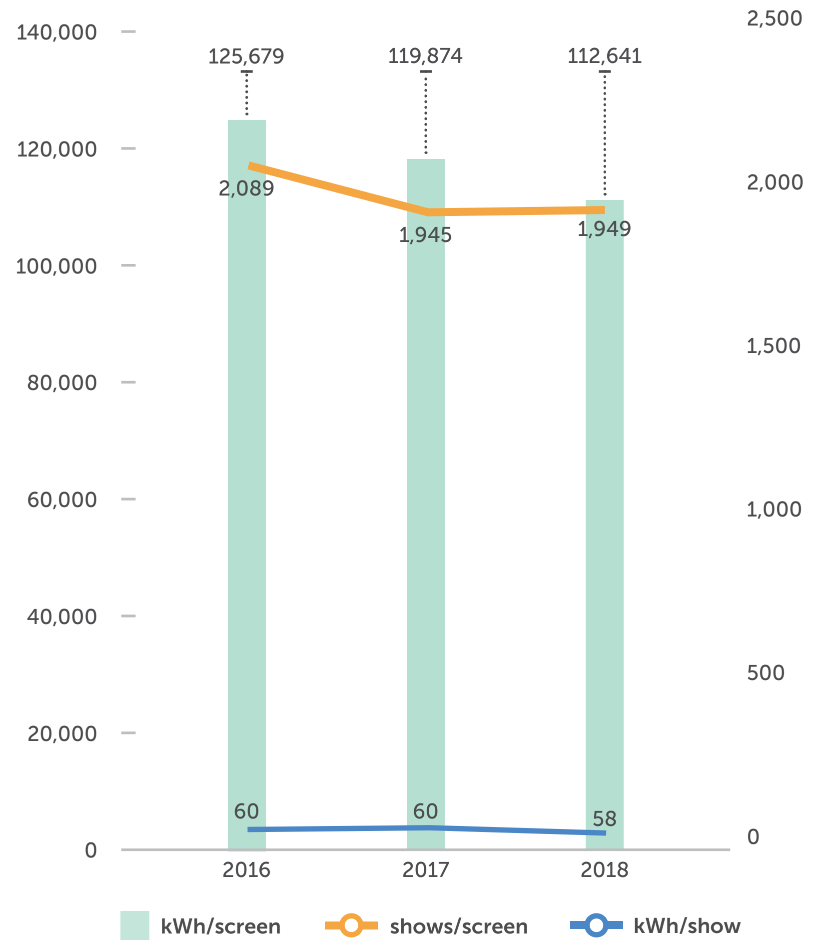
Energy consumption is a key material sustainability issue for our cinemas division as energy usage is a significant cost to the business. Electricity is used most of the day for the operation of air-conditioning and ventilation, projectors, sound systems, and food and beverage equipment. The division operated a total of 344 digital screens in Malaysia as at end-2018 and accounts for 27% of the Group's total energy footprint.

The division strives to reduce consumption where possible by establishing a number of energy-saving best practices, including the adoption of energy efficient laser projectors, converting halogen and fluorescent lights to LED and improving programming of shows.

SUSTAINABILITY STATEMENT

Despite having 39 new screens fully operational in 2018, the division recorded only a slight increase of 0.5% in its overall energy consumption, as well as managed a reduction in kWh/screen and average energy use/show by 6% and 2 kWh[iii] respectively in the same year.

Cinema energy usage in kWh per screen and per show - Malaysian operations only



GHG emissions – Cinemas

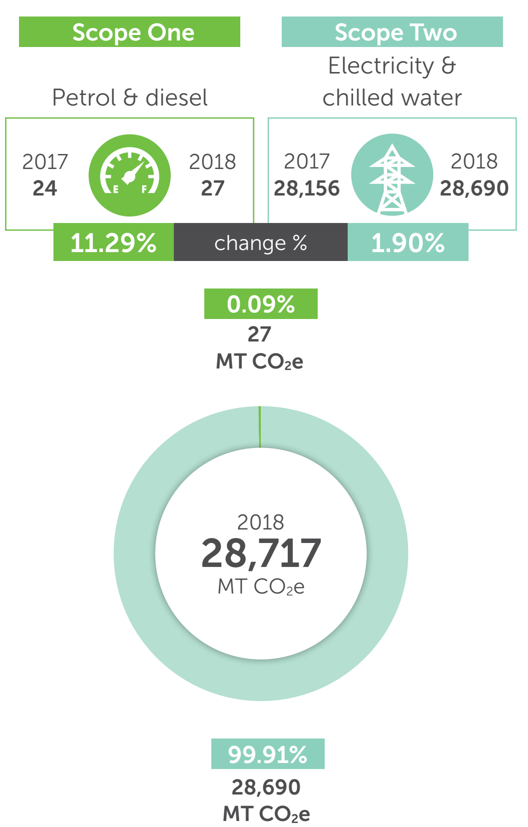
This emissions report covers all GSC theatres, as well as GSC's Head Office in Damansara Jaya, Selangor in both Scopes 1 and 2 under the GHG Protocol. Emissions from employees' land and air travel under Scope 3, are being tracked by the division for reporting in the near future.

Total GHG emissions from the cinemas division for 2018 was 28,717 MT CO_2e, with Scope 2 (electricity and chilled water) remaining the largest contributor at 28,690 MT CO_2e or 99.91% of total emissions. Emissions under Scope 1 derived from consumption of fuels such as petrol and diesel remain insignificant at 0.09%.

The pattern of emission sources in 2018 is similar to that of both 2016 and 2017 as our cinemas are designed and operated consistently at all our sites.

The slight increase in total emissions of 1.90% between 2017 and 2018 is mainly due to the opening of three new cinemas with a total of 39 screens but the higher energy efficiency is reflected in a reduction in kWh/screen.

GHG emissions (MT CO_2e)



SUSTAINABILITY STATEMENT

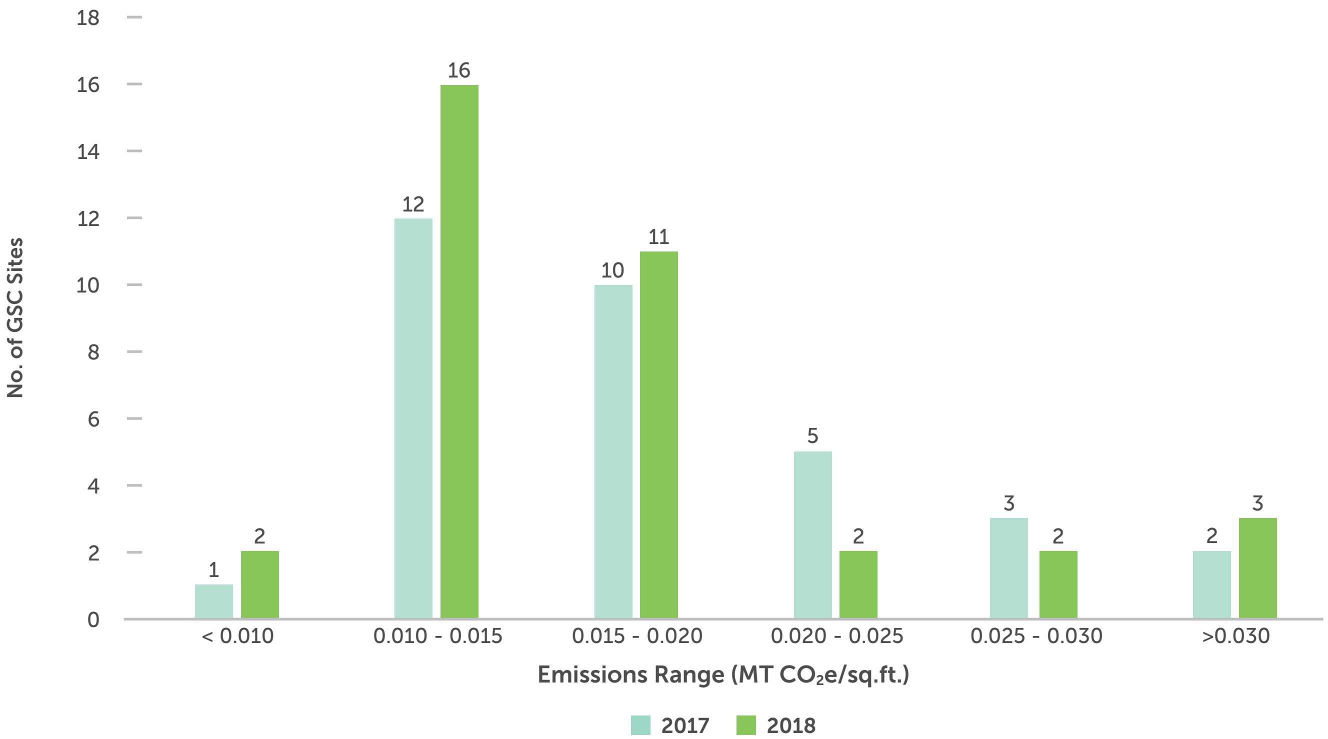
Emissions intensity

Our cinemas division managed to reduce its specific emissions (MT CO_2e per square feet) slightly by 2.5% from 0.0200 MT CO_2e/sq. ft. in 2017 to 0.0195 MT CO_2e/sq. ft. in 2018. This is an encouraging indicator of our continuous effort and commitment to monitor and manage our energy use and hence, GHG emissions from our cinema operations.

For the individual cinema sites, there is an improvement in the number of sites with lower emissions per square foot in 2018 as compared to 2017. About two-thirds of our cinema sites have achieved emissions per square foot lower than the national average for Malaysian buildings (0.01721 MT CO_2e/sq. ft.).

Number of GSC sites by specific emissions range (MT CO_2e/sq.ft.)

Malaysian building average = 0.01721 MT CO_2e/sq.ft. (equiv. to 17.21 kgCO_2e/sq.ft.)



Some energy-reducing measures the cinemas division plans to implement in 2019 include improving air-conditioning management and concession workflow processes. In the medium to long term, the division will develop a blueprint for a more comprehensive cinema design.

Livestock farming division

Our livestock farming division accounts for 9.4% of the Group's total energy usage. Electricity is mainly used for ventilation, water chillers, incubators, feeding and manure removal in chicken houses, and heating and air-conditioning at hatcheries. Almost all these equipment run for 24 hours on a daily basis. While we believe our energy consumption is on par with our peers in the industry, the division continues striving to reduce usage where possible. Ongoing efforts include replacing old equipment with energy-efficient models, and fluorescent lights with LEDs.

SUSTAINABILITY STATEMENT

Water usage

Water is an essential and increasingly scarce resource, and the Group views water use management and conservation as important issues, particularly for our divisions with high water consumption. The Group is committed to managing and reducing its water usage, as well as the water impact of our operations.

In 2016, we set a 2018 target to commission a water footprint assessment of our top water-consuming divisions – property and cinemas – as a first step in addressing our water impact, as well as to establish a baseline for future reporting. The water footprint assessments of CLM and Cheras Plaza, both under our property division, as well as, three cinemas that are representative of GSC's cinema types, were completed in 2018. In the same year, we continued to map our water use across all business divisions and will keep monitoring the conservation and reduction of water usage in 2019.

As a Group, we consumed 1.05 million m^3 of water in 2018. Of this, about 78% was used by our property, cinemas, and livestock farming divisions. The Group's overall usage was up by 4.84% in 2018[iv] mainly due to increased footfall at CLM, and higher production output at both our flour and animal feed, and bakery divisions.

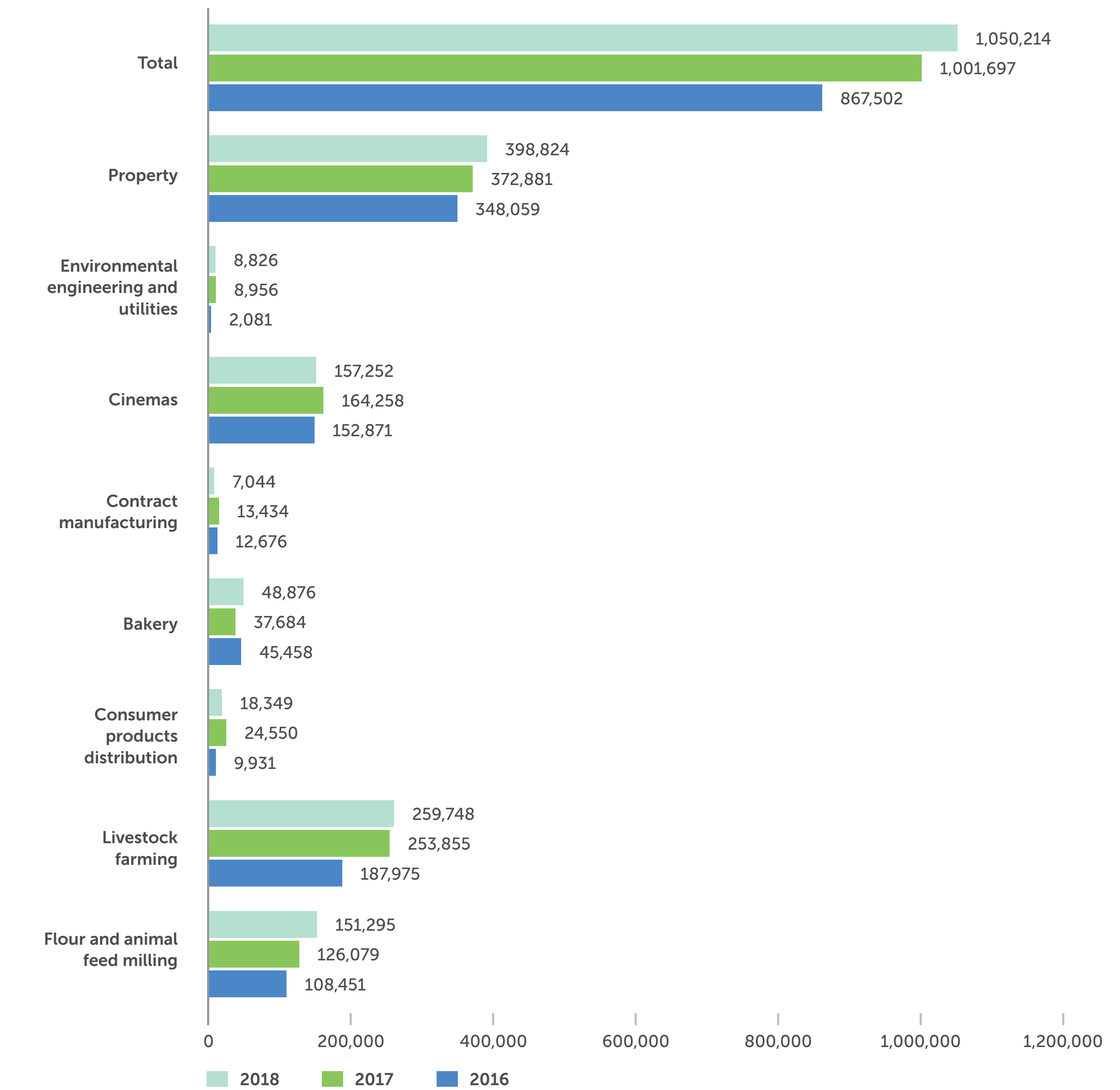
Our property division accounted for more than a third of our total combined water consumption. Its consumption include usage by tenants (often food and beverage outlets) and lavatory use. The division recorded an increase of 6.96% in 2018 due to an additional 15,000 sq. ft. of nett lettable area at CLM and the opening of a link bridge connecting CLM to the Taman Mutiara MRT station, both of which have contributed to higher footfall to CLM. To better manage its water usage, the division will review the flow rate of its water fixtures.

Our cinemas division, which consumed 157,252 m^3 of water in 2018, exhibit a similar consumption pattern to our property division, with soft drinks and lavatory use making up the major portion of its water footprint. The division saw a reduction of 4.27% in its water usage as compared to 2017 due to the installation of water-efficient auto-flush facilities, and renovation and maintenance works at two cinemas. To further manage and reduce water consumption, the division plans to review the flow rate of its water fixtures, raise water conservation awareness amongst employees and customers, and train employees in best kitchen practices.

Livestock farming accounted for 24.7% of the Group's total water consumption. Almost half of this was consumed by poultry, while the other half was mainly used for cleaning hatcheries. To reduce water consumption, the division uses high-pressure pumps to wash the chicken housing. Water is also recycled for the cooling pad and washing hatchery baskets. Supply line checks and maintenance are carried out regularly to prevent leaks.

SUSTAINABILITY STATEMENT

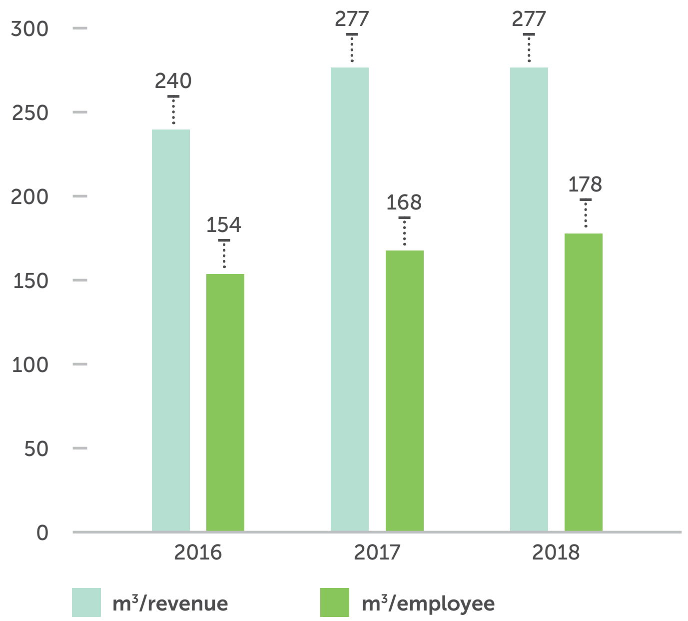
Water usage in m³ by business unit (2016-2018)



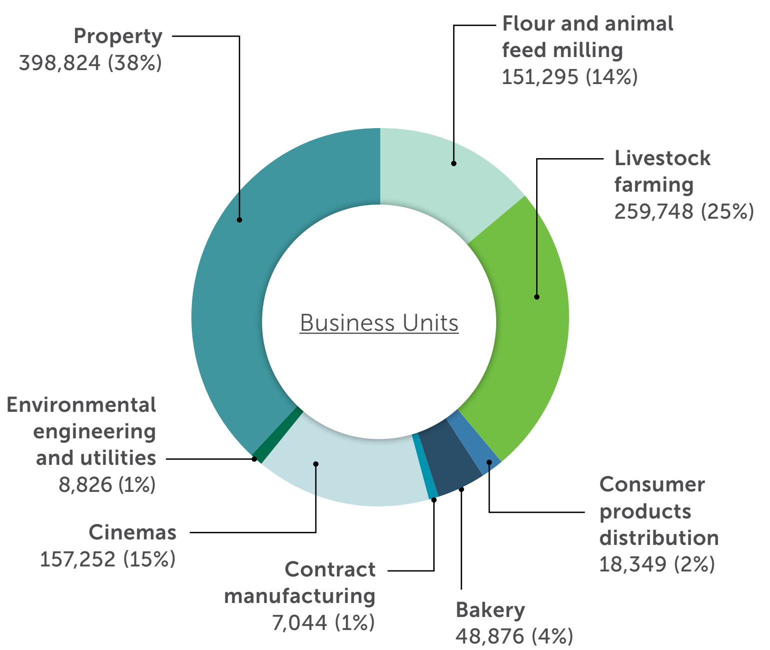
Note:
Water usage figures do not include PPB Head Office or operations outside Malaysia.

SUSTAINABILITY STATEMENT

Water consumption in m³ per employee and m³ per million RM revenue



Water usage in m³ by business unit (2018)



Waste management

Proper waste management is vital for protection of the environment and local population health. Packaging use and waste have become an increasingly important material issue as consumers and business-to-business customers seek to minimise their environmental impact. Many of our business units are implementing strategies to reduce, reuse and recycle packaging.

Our environmental engineering and utilities division identified waste handling and disposal, as well as the prevention of soil and water pollution, as being of high importance in the water, sewage, solid waste and flood mitigation segments. The division uses appropriate technologies to handle and treat various wastes and pollutants in achieving environmental sustainability.

Our livestock farming division produces only biological waste, layer raw and dry manure, and breeder raw manure – which are classified as non-hazardous. A large percentage of the layer raw manure is repurposed into organic and semi-composed fertiliser for use in vegetable farms.

Cinemas are associated with high-volume waste, from discarded ticket stubs to discarded plastic bottles. To make cinema-going more sustainable, GSC has introduced a mobile app that enables moviegoers to go ticketless. Having purchased tickets online, customers at selected cinema checkpoints simply scan the QR code sent to their smartphones.

In December 2017, GSC conducted a trial single-use plastic bottle recycling programme. As at end-2018, GSC has completed the roll-out of the programme to over 10 cinemas in the Klang Valley. Although the initial target was 18 sites by the end of 2018, this was scaled down accordingly due to labour shortages, specifically third-party cleaners, to cope with the cleaning and management of the recycle bins. GSC also discourages the use of plastic bags and straws by providing biodegradable bags on request and putting up "Say No To Straws" signs at its cinemas.

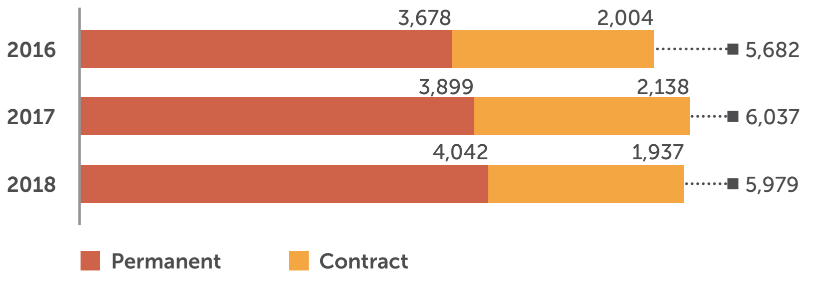
WORKING ENVIRONMENT

A major sustainability issue faced by all industry sectors in Malaysia today is the recruitment and retention of employees – from unskilled workers to highly skilled professionals. Our approach to this challenge includes focusing on creating and maintaining safe workplaces, and an engaging and supportive culture to empower talented individuals to succeed.

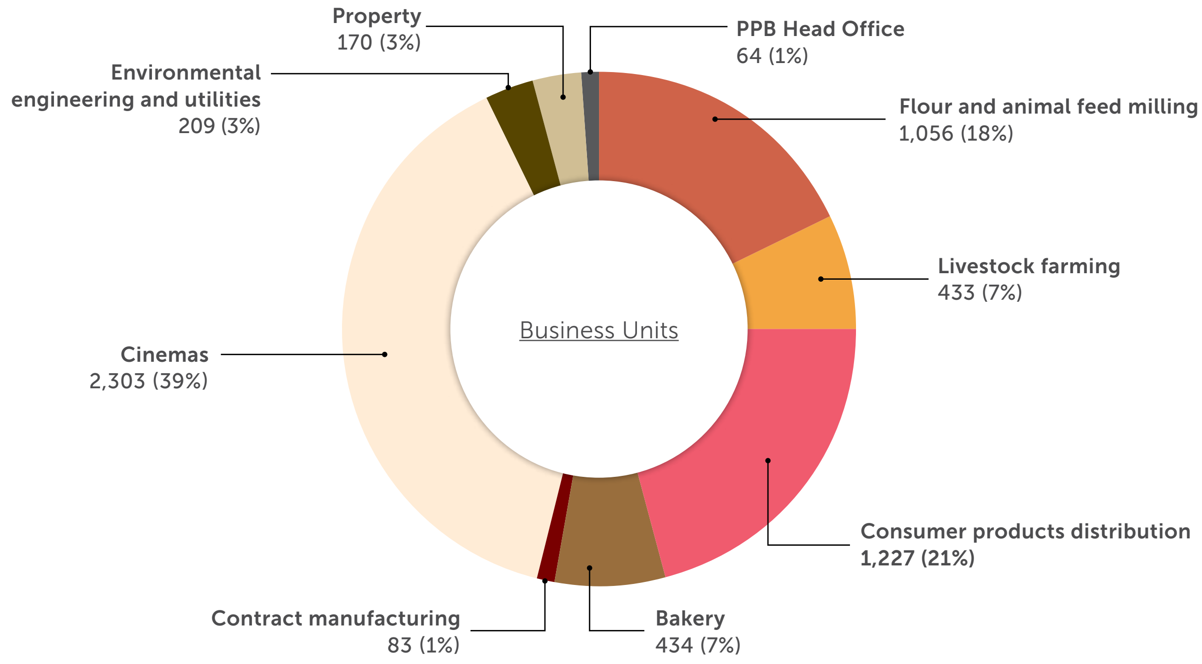
SUSTAINABILITY STATEMENT

The Group has a workforce of almost 6,000 employees, of whom more than two thirds are permanent full-time employees. Our cinemas division accounts for the highest proportion of workers (39% of the Group's total workforce), most of them on a part-time basis. Approximately one third of our permanent workers are employed in the consumer products division, where only a few individuals are hired on a temporary basis.

Employees by type

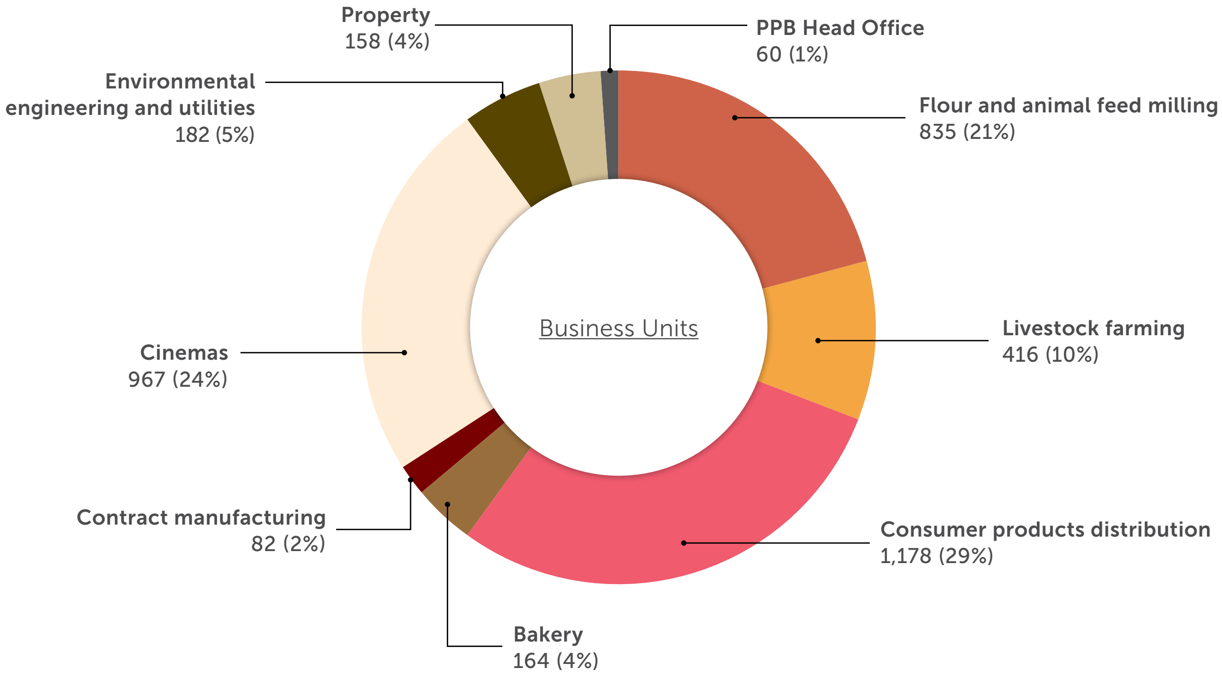


All employees by business unit (2018)



SUSTAINABILITY STATEMENT

Permanent employees by business unit (2018)

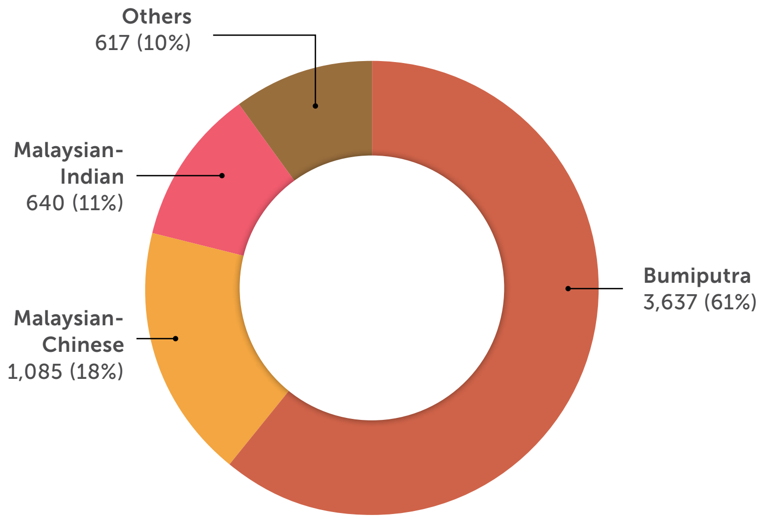


Amidst fierce competition for talent and labour, we want to be recognised as a diverse and attractive employer by all sections of the community, regardless of ethnicity or gender.

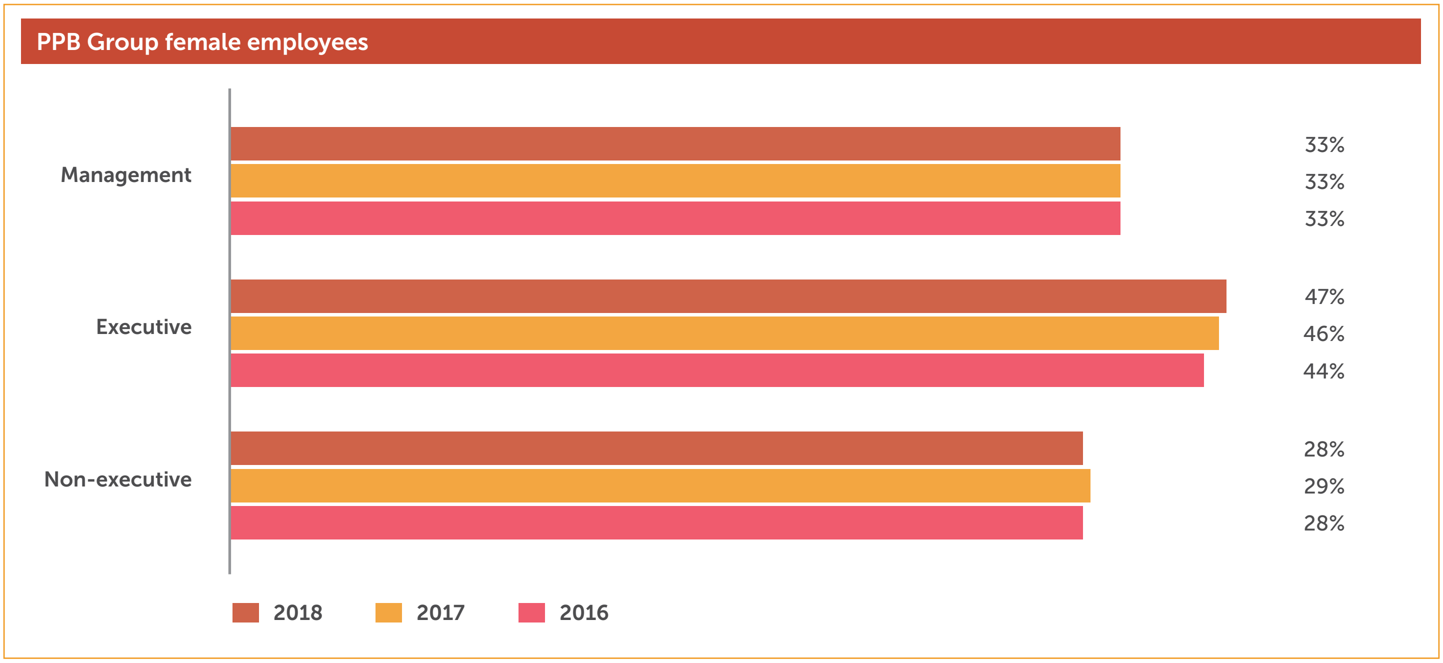
Most businesses are stronger when their workforce reflects the communities in which they operate. The majority of our employees are in Selangor*, where Bumiputera (Malays and indigenous populations) constitute half the population, Malaysian-Chinese make up about 24%, and Malaysian-Indians a further 11%. In general, our workforce reflects this breakdown.

About 30% of our employees are women - slightly below the Malaysian workforce at large, where women make up about 38%.

PPB Group employee distribution 2018



(*) Source: Dept of Statistics Malaysia.



Well-being in our work places

We believe that employees are the driving force of a strong business and that a motivated workforce delivers value to our stakeholders. The majority of our employees undergo an annual performance review and we seek to provide an engaging and supportive culture to empower individuals to reach their full potential.

Fitness activities have been proven to improve health and well-being, as well as foster teamwork and a stronger work culture. Employees at FFM Berhad's Head Office are encouraged to maintain their fitness at a fully-equipped onsite gym. PPB promotes a healthy lifestyle with regular exercise and encourages employees to participate in organised runs by sponsoring registration fees. Employees from PPB took part in both the 2018 Bursa Bull Charge and The Edge Kuala Lumpur Rat Race 2018. They were joined in the latter by a team from GSC.

Divisions within the Group also provide opportunities for employees and their families to gather in the spirit of community by organising family days. As part of PPB's 50th anniversary celebration in 2018, an outing was organised at Sunway Lagoon filled with activities and prizes for staff and family members. The FFM Group celebrates employees' (foreign workers included) hard work, strong commitment and loyalty by holding regional annual dinners at its Malaysian operations.

Training

Employees in all divisions receive training in areas relevant to their function. For the food-related and manufacturing segments, extensive training is provided on hygiene, food safety and handling (including HACCP), occupational health standard enhancement and workplace safety. Practical on-the-job learning is supplemented with segment-specific training, such as chemical handling and biosecurity for the livestock farming division, and effluent treatment and food allergen awareness training for the bakery division. Relevant employees also receive ongoing training on the latest legal and regulatory requirements, such as updates to the Employment Act 1955 (Rev. 1981), the Competition Act 2010, the Malaysian Code on Corporate Governance and tax laws. Some divisions have also developed specific leadership and coaching programmes to strengthen management skills.

SUSTAINABILITY STATEMENT

Upholding labour practices and employee rights

The Group is committed to treating its employees fairly, with dignity and respect. Our Group-wide human rights policy, adopted and published in March 2018, is guided by the principles expressed in the Universal Declaration of Human Rights. The Group complies with all applicable labour laws, rules and regulations in the countries the Group operates, including the Malaysian Employment Act 1955 (Rev. 1981), Industrial Relations Act 1967 (Rev. 1976) and regulations governing key issues such as child labour and forced labour. Employees have access to a grievance mechanism to raise concerns related to workplace practices. The Group has a zero-tolerance policy against discrimination in any form. No instances of child labour were reported during the current period and the Group does not employ any person below the age of 16.

Foreign workers and illegal labour

The Group employs relatively few foreign workers – about 8.5% of our total workforce is non-Malaysian. Most of them are employed in the bakery and livestock farming divisions due to severe labour shortages in both sectors. All foreign workers directly employed by the Group have legal contracts and are accorded similar working conditions as local workers. Benefits vary across divisions, but generally exceed legal requirements and include access to incentive schemes, medical care and participation in company social and recreational events. In addition, foreign workers are provided with housing and transportation.

Ensuring safer working environments

The Group is committed to protecting the health and safety of its employees. We aim to foster a risk-averse working environment, eliminate safety hazards and target zero fatalities across all our divisions. As successful management of health and safety requires commitment, consultation and cooperation, we strive to ensure our employees understand that they share in this responsibility, and that everyone is accountable for both their personal and colleagues' health and safety.

The Group recorded a total of 36 Lost Time Accidents[v] (LTA) in 2018. This is 11 more than in 2017 but is relatively low given the size of the Group and the diverse range of its activities. No accidents were recorded at PPB Head Office or in the environmental engineering and utilities, contract manufacturing or property divisions.

The increase in LTA in 2018 was mainly from our consumer products division, which recorded their first accidents in two years, mainly involving sprains and strains. Our bakery and cinemas divisions had 5 and 2 accidents respectively comprising mainly sprains, falls and fractures, while our flour and animal feed milling division recorded 13 accidents. The recorded accidents from the latter division were mainly cuts, sprains and fractures, except for one major injury where a safety inquiry was conducted and preventive measures recommended. All four divisions have now strengthened measures to prevent future incidents.

Our livestock farming division had the highest LTA rate in the Group in both 2016 and 2017 due to the highly manual nature of the work, as well as the physical environment of the farms. The most common accidents were slips, sprains and injuries resulting from incorrect use of personal protective equipment (PPE). In 2016, we set a target to reduce the number of accidents by 10% in 2017, and the division successfully reduced its accidents by 31.6% that year. In 2018, the number of accidents was further reduced by 30.8% as a result of the division's sustained focus on safety, which includes regular training and safety awareness sessions.

Recordable accidents by business unit (2016-2018)

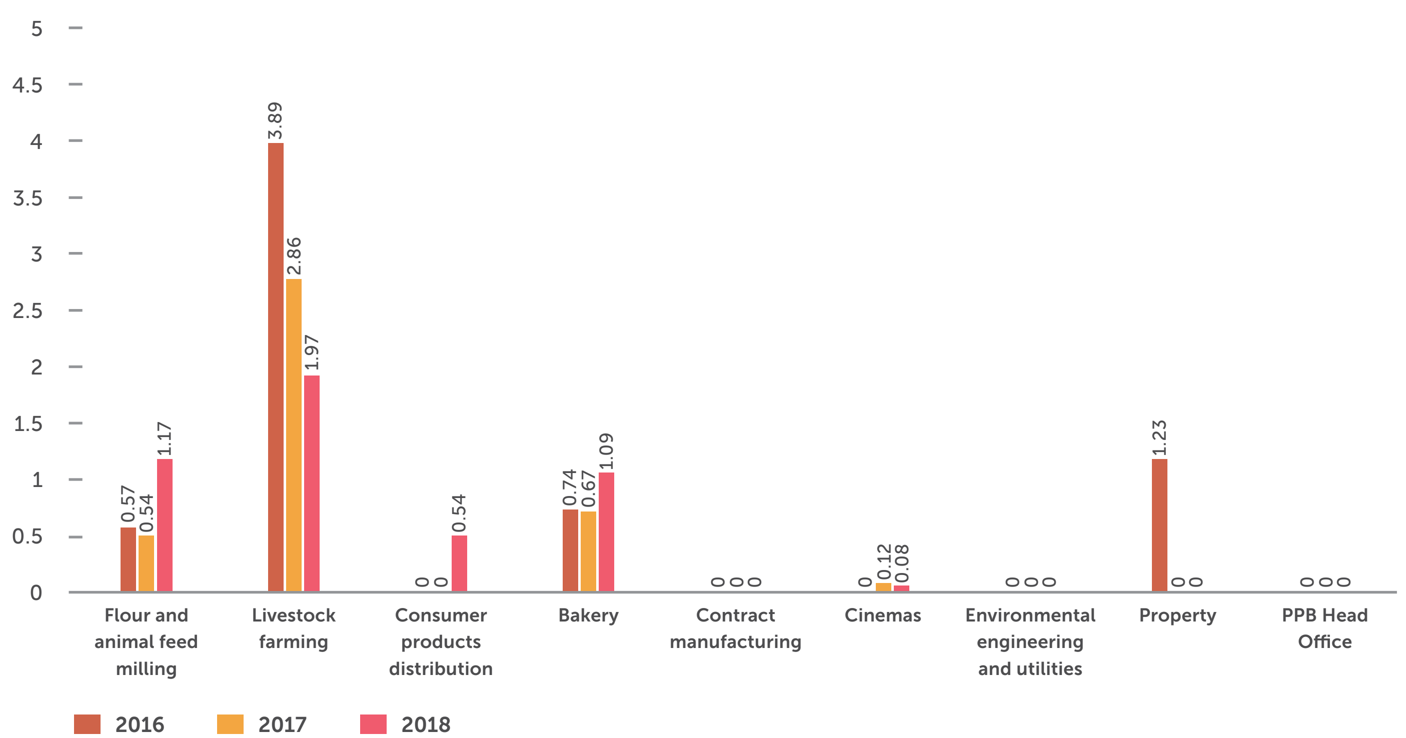
	Flour and animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering and utilities	Property	PPB Head Office	Total
2016	6	19	0	3	0	0	0	2	0	**30**
2017	6	13	0	3	0	3	0	0	0	**25**
2018	13	9	7	5	0	2	0	0	0	**36**

SUSTAINABILITY STATEMENT

Average no. of lost days per accident by business unit (2016-2018)

	2016	2017	2018
Flour and animal feed milling	13.83	35.17	**12.23**
Livestock farming	17.95	16.77	**12.11**
Consumer products distribution	0	0	**58.14**
Bakery	14.67	8.67	**18.20**
Contract manufacturing	0	0	**0**
Cinemas	0	22.00	**12.50**
Environmental engineering and utilities	0	0	**0**
Property	75.00	0	**0**
PPB Head Office	0	0	**0**

Lost time accident rate by business unit (Number of accidents per 200,000 working hours)



Note:
Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows:
Total number of accidents x 200,000 man-hours divided by total working hours.

There were no workplace fatalities in the Group over the past two years[vi].

SUSTAINABILITY STATEMENT

Dust explosions

Dust explosions can be a major hazard in mills and bakeries and typically occur where high concentrations of suspended combustible materials ignite due to friction, electrical discharge or surface heat. When occurring in confined spaces, dust explosions can cause injury, and major damage to structures and equipment.

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm^3. The Group's flour and animal feed milling division is covered by its respective Occupational Health and Safety Policies, and has a target of zero industrial accidents.

Hazardous chemicals

The handling of hazardous chemicals is a prominent workplace issue identified in our food production and contract manufacturing divisions. These divisions have specific statements of compliance and detailed standard operating procedures. Specific training on chemical handling is provided to relevant personnel across the Group's business divisions annually.

Noise pollution

Long-term hearing loss is linked to occupational noise, especially where employees are exposed to a variety of continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for our property, food and manufacturing divisions where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at facilities in these divisions.

A KPI based on the total area exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work to reduce this space.

At our other flour and animal feed milling operations, we provide employees with PPE and hearing protection, and appropriate signage is placed in high noise level areas. Regular awareness and training programmes are organised by the division to enhance occupational health standards in the workplace.

MARKETPLACE ENGAGEMENT

Marketplace impacts, including governance and ethics, are of high material importance to both the Group and its stakeholders.

Code of Conduct and Ethics

The Group is committed to conducting its businesses in compliance with local laws and regulations and with utmost integrity, transparency and accountability. A code of conduct and ethics, which is included in both our Group employee handbooks and on our website – www.ppbgroup.com – sets out the standards of conduct and personal behaviour our directors and employees are required to observe to ensure that the Group's commitment is upheld.

Anti-corruption

The Group firmly believes in operating its businesses based on high standards of integrity, transparency, ethics and accountability and is against corruption in all forms. Our code of conduct and ethics sets out the Group's business values and practices by which our directors and employees are required to abide. We also have in place Group-wide whistleblowing policies with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. All complaints are investigated and such breaches may lead to disciplinary measures, including dismissal.

SUSTAINABILITY STATEMENT

Reporting

Accuracy, timeliness and transparency in financial reporting are of paramount importance for the Group and its stakeholders. PPB reports its financial performance on a consolidated basis and engages its stakeholders regularly through quarterly results announcements and e-investor updates. We conduct two press and analyst briefings every year to keep our shareholders and the investment community updated. PPB's financial and operational information can be found on our website – www.ppbgroup.com – where stakeholders may also direct enquiries and provide feedback.

Quality and safety first

Product and/or service quality and safety are without exception of the highest importance to the Group's operations. In the food production division, companies must adhere to specific quality policies and are covered by division-specific statements on food safety and halal compliance.

All relevant business operations comply with applicable food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), ISO 22000 Food Safety Management System and halal certification.

Specific measures have been implemented to enforce our standards in sector-specific contexts. Our livestock farming division collects data on the mortality rate, body weight, uniformity and egg production rate of parent stocks and commercial layers. The number of antibiotic treatments administered is also monitored.

Performance on quality and safety parameters is recognised by awards and acknowledgements received by our divisions. For example, our flour mill in Kota Kinabalu was awarded the National Occupational Safety & Health Excellence Award 2017 under the SME category by the Department of Occupational Safety & Health (DOSH).

As obesity is becoming an increasing concern in Malaysia, we want to support consumers in making informed choices through more transparent information. A sideboard of nutritional facts and allergen alerts of hot foods prepared by GSC such as popcorn, chicken meatballs, nuggets, nachos etc. is displayed at all its cinema concession counters nationwide. This is to enable customers who are health-conscious or allergic to certain substances make better-informed choices. The nutritional facts list can also be found on the GSC website – www.gsc.com.my. Pre-packed items, which contain nutritional information on their packaging, are not included in the list.

Group Sustainability Policy

We developed our first Group Sustainability Policy ("Policy") which was approved by the Board in March 2018 and communicated progressively to the subsidiaries. The Policy covers three aspects – Environment, People/Human Rights, and Ethics & Marketplace – and provides a framework within which the Group strives to achieve excellence in sustainability. The Policy will be reviewed periodically by the SSC for approval by the Board. The Policy can be viewed at www.ppbgroup.com.

Customer satisfaction and engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are important material issues that have an impact on its reputation and brands. We enhance our customers' experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers' needs and concerns.

Regular customer satisfaction surveys are conducted in our flour and animal feed milling, livestock farming, and environmental engineering and utilities divisions, covering areas such as product quality, timeliness, service levels and staff competence. In addition, our flour milling division engages extensively with customers on sustainability-related topics through participation in the Supplier Ethical Data Exchange (Sedex), and provides updated information on labour standards, as well as ethical and environmental practices.

Our contract manufacturing division sets a quality objective each year, and uses this as a KPI to measure its performance.

SUSTAINABILITY STATEMENT

In our cinemas division, customer feedback grew from 141 (per 100,000 admissions) in 2017 to 206 in 2018, mainly due to the introduction of Facebook Private Message in 2017 as an additional and convenient channel for customers to provide feedback or make enquiries on show times, ticket prices, subtitles, classifications, promotions, bookings and birthday redemptions. Complaints received by the division which covers e-payment transactions, membership, marketing, vouchers, cinema services and facilities issues grew from 31[vii] (per 100,000 admissions) in 2017 to 46 in 2018. This increase was largely due to the overwhelming response to an exclusive screening of "Burn The Stage: The Movie", a musical documentary of the hugely popular K-pop boyband, BTS where almost all 12,000 tickets were snapped up within 30 minutes of going on sale. For better customer experience, the division has also implemented automated messaging and email to inform customers of any e-payment failures. The division also uses mystery customers regularly to assess the quality of its services and products to better meet customers' expectations.

Inclusivity and diversity

GSC provides disabled-accessible facilities including lifts and wheelchair spaces in all its new, and majority of existing cinemas to facilitate cinema-going for people living with disabilities. GSC also hosts annual international film festivals to help drive cultural awareness in our communities.

FTSE4Good

Effective from 24 December 2018, PPB Group has been included in the FTSE4Good Bursa Malaysia, FTSE4Good Emerging Markets and the FTSE4Good Asean5 indices. The FTSE4Good Index Series*, which is reviewed twice annually, identifies companies which demonstrate strong environmental, social and governance practices measured against globally recognised standards. The FTSE4Good Bursa Malaysia Index currently comprises 56 constituents which are drawn from the companies on the FTSE Bursa Malaysia EMAS Index. PPB's inclusion in the indices demonstrates a leading approach within the Malaysian market to address relevant corporate responsibility risks and our commitment to responsible business practices.

* *www.ftse.com/products/indices/FTSE4Good.*

Recognition

GSC has received many awards in the cinema category. In 2018, GSC won the Gold Award in the Entertainment Category of the Putra Brand Awards for the fifth year in a row. A Putra Brand Icon since 2017 for achieving four consecutive Gold Awards, GSC's repeated success is a testament to the company's strong brand equity and market leadership. The Putra Brand Awards reflect the people's choice of Malaysia's favourite brands and are based on consumer feedback and satisfaction. GSC was also recognised on the international stage when it received the Brand of the Year Award - National Tier (Malaysia) at the 2018 World Branding Awards, which is considered the ultimate global brand recognition accolade. GSC's continuous success stems from a fundamental resource – its people – and this is mirrored in GSC's reception of both the Gold Award (HR Best Practices) at the 2018 Malaysian International HR Awards, and the Bronze Award (Best Recruitment Programme for Non-degree Holders) at the HR Asia Recruitment Awards 2018.

Massimo (an FFM brand) was accorded the "Superbrands Malaysia" status in 2018 by Superbrands, the world's largest independent authority and arbiter of branding which conducts an annual online survey involving about 3,000 senior managers and marketing professionals. Only brands scoring at least 80% "feel-good" points are awarded the Superbrands certificate and seal. Being a Superbrands' winner is an indication of the brand's commitment to deliver the best products and services to consumers to build trust and loyalty, and Massimo being awarded the Superbrands status, exemplifies this commitment. Massimo was also adjudged a winner as one of the top brands under the Foodstuff Category (Bronze) of the 2018 Putra Brand Awards.

FFM Marketing Sdn Bhd was awarded "Best Employer" by Kumpulan Wang Simpanan Pekerja, Selangor in 2018 for the second time since 2014.

Privacy and personal data protection

We take our responsibility to protect the individual privacy and personal data of our customers and our employees seriously. All our business divisions are compliant with the Personal Data Protection Act 2010 and the relevant divisions have formal customer privacy policies.

COMMUNITY INVESTMENT

CSR Task Force

We see ourselves as a force for good in the communities where we operate. Local wealth creation is identified as an important material issue for the Group and we are committed to balancing our business needs with support for community growth and well-being. In this, we have taken a more strategic approach to planning and delivering community investment programmes that are closely linked to our businesses and areas of operation.

The SSC is responsible for overseeing the Group's community investments. To assist the SSC in devising strategies and reviewing, managing, implementing and tracking our community investment programmes, a CSR Task Force comprising representatives from PPB's Head Office and the subsidiaries was set up in 2017. Our Group community investment strategy has three pillars – Social, Environmental, and Arts and Culture – that support programmes including youth education and development, living skills and standards enhancement, environmental awareness and health activities.

SUSTAINABILITY STATEMENT

PPB-KF Welfare Fund for Perlis

In 2010, PPB established a RM10 million endowment fund to benefit the poor and underprivileged in Perlis and appointed Kuok Foundation Berhad ("KF") to manage the fund. For 2018, the fund disbursed RM238,460 to provide vouchers for school items to 1,050 students, 11 study grants, donations to a retirement home and development of a "Rest and Read Mini Café" for a school library. A total of RM1.69 million has so far been spent on school uniforms and shoes for more than 7,000 primary and secondary school children under the annual Educare Project, as well as 80 study grants, 199 one-off scholarships and cash donations to welfare homes.

Back to School Project

To reduce the burden of needy families in meeting the basic needs of their school-going children, PPB has been contributing free school uniforms and shoes to children at different states in Malaysia under its annual "Back to School Project" since 2010. In 2018, 1,299 students from 10 primary schools in Bukit Mertajam, Penang and an orang asli school in Kampung Simoi, Pahang, were the recipients under this Project. To date, a total of RM609,730 has been invested in the Project, benefiting a total of 14,081 primary school pupils.

Improving the lives of orang asli communities

Since 2015, PPB has been engaging with Malaysia's indigenous communities, the orang asli, and we remain committed in addressing their need for basic amenities and improving their living conditions. We have identified their most pressing needs – clean water supply, sanitation facilities, electricity and proper shelter – and are focusing our efforts in these areas. We believe that the communities which benefit from this programme should be fully involved, and encourage them to take ownership of their own well-being and living conditions. Under the terms of our sponsorship, PPB purchases all materials whilst the communities supply the labour.

For the Jakun orang asli communities in Simpai and Tasik Cini in Pahang who had to travel long distances to get water for their daily needs, we started by sponsoring the construction of wells to supply clean water. The completed wells attracted more orang asli to build their homes nearby and as usage of the wells increased, bathing in open areas became inconvenient. To safeguard their privacy and promote hygiene, we progressed to sponsoring a bathroom and two toilets complete with septic tanks for each well recipient. To date, a total of ten well recipients have completed construction of their respective sanitation facilities while another five are scheduled to complete theirs by 2019.

In Gerik, Perak, where clean water can be readily obtained from nearby streams, we sponsored the building of higher dams and piping systems to provide more convenient access. We have also sponsored the installation of solar panels for electricity supply, as well as saplings and farming tools to assist in their farming activities.

Year	Sponsored	Serves	Location
2015	10 wells	158 individuals	Simpai, Pekan
2016	10 wells	244 individuals	Tanjong Gong, Tasik Cini
2017/2018	8 sets of toilets & bathrooms	123 individuals	Simpai, Pekan
	7 sets of toilets & bathrooms	208 individuals	Tanjong Gong, Tasik Cini
	Dam with piping system & solar panels	3 villages	Gerik, Perak
2018	Cleanliness campaign	192 individuals	Simpai, Pekan
	Saplings & farming tools	3 villages	Gerik, Perak

As part of our continuing commitment to improve the livelihood of the orang asli, we have in the pipeline, the sponsorship of zinc roofs and wood panels to replace their dilapidated huts.

SUSTAINABILITY STATEMENT

Breaking the cycle of poverty through education

The Orang Asli Education Centre (OAEC) in Raub, Pahang is operated by Semenanjong Orang Asli (SEMOA) to help the community break the cycle of poverty through education. The centre is able to house only 88 orang asli children. To accommodate the increasing number of applicants on the waiting list, a new 32-bed dormitory is being built and PPB will be sponsoring the fit-out works for the new dormitory.

Bridging cultures through film

Our cinemas division plays a role in stimulating greater awareness of the arts, and bridge cultures. Since 1999, GSC International Screens has offered local audiences alternative content comprising foreign language and award-winning films, anime, concerts and other non-mainstream fare. Film festivals hosted in partnership with foreign embassies were included in 2001 to bring the diverse cultures of international cinema to Malaysians. Some of these film festivals have since grown into annual events much anticipated by an increasing number of followers. In 2018, GSC hosted nine film festivals in both Peninsular and East Malaysia – seven returning (French, Japanese, the European Union, Korean, Latin American, Iranian and Czech Republic) and two inaugurals (Hungarian and Vietnamese).

Improving English language proficiency

To help improve the English language proficiency of students, PPB sponsored forty primary and secondary schools, as well as four interactive workshops in Johor (Muar and Pasir Gudang) for The Star's "English for Better Opportunities" (EBO) programme. This programme is intended to build students' confidence in speaking, listening, reading and writing through teamwork. Our cinemas division supported the programme by hosting a series of workshops in Johor Bahru for movies based on children's books under its GSC Junior Movie Club, which utilise movies as a teaching tool. The three films selected for the workshops were "Christopher Robin", "Goosebumps Haunted Halloween" and "Nutcracker and the Four Realms".

Other community projects

- GSC continues to champion and build awareness of autism. The cinemas division launched an "Autistic People Are Not Broken" awareness of autism spectrum disorder (ASD) campaign. GSC also showcased "The Wayang Kids", a movie about an autistic child and his love for Chinese musical theatre, from which RM10,000 was raised for the National Autism Society of Malaysia (NASOM).
- FFM Marketing Sdn Bhd hosted the Massimo Junior Master Chef Workshops 2018 in collaboration with Kuntum Magazine. A total of 48 children attended the workshops conducted by celebrity chef, Sherson Lian, where they learnt simple yet delicious recipes.
- CLM was the host venue for World Vision Malaysia's child sponsorship programme held to raise awareness of issues affecting children, as well as an art exhibition by the children of Dignity for Children Foundation held to create awareness of the NGO.
- To support the blood banks' and hospitals' requirement for a consistent supply of blood, CLM organises annual blood donation and awareness campaigns. GSC too holds annual blood donation drives in collaboration with the National Blood Centre to enable its employees and business associates to do their part for the community.
- Festivals are times for celebration, as well as remembering the underprivileged and marginalised communities. The Group celebrates the main festivals with these communities by organising lunches, activities, distributing festive goodies and fulfilling some of their wishes.

28 March 2019

Notes to data

i *Figures for 2017 have been restated to reflect updates in energy consumption by our property, and environmental engineering & utilities divisions.*

ii *Total figures for flour and feed energy usage in kWh/MT for 2016/2017 have been restated due to a previous calculation error.*

iii *Figures for 2016/2017 have been restated to reflect updates in shows/screen by our cinemas division.*

iv *Total water consumption for 2017 has been restated to reflect updates by our property and livestock farming divisions.*

v *Figures for 2016/2017 for recordable accidents and LTA for our flour & animal feed milling, livestock, consumer products, bakery and cinemas divisions have been restated due to a previous calculation error.*

vi *In previous reports, a fatality involving a third party contractor in 2016 was omitted. The fatality occurred in our flour and animal feed milling division, during the construction of a flour mill in Johor Bahru, where a worker employed by a third-party contractor suffered a fatal fall. The accident was reported to the Department of Occupational Health and Safety, and preventive care was taken to ensure that the project was completed without any further incidents.*

vii *Figure adjusted to include membership, marketing and voucher related issues.*

FINANCIAL STATEMENTS

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31 December 2018 set out on pages 94 to 191 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are fair and reasonable.

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 28 March 2019.

DIRECTORS' REPORT

The Directors are pleased to submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding.

The principal activities of the subsidiaries of the Group are grains and agribusiness; consumer products; film exhibition and distribution; environmental engineering and utilities; property; chemicals trading and manufacturing and investment holding.

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	1,102,951	449,114
Attributable to:		
Owners of the parent	1,075,096	449,114
Non-controlling interests	27,855	-
	1,102,951	449,114

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2017 as disclosed in the Directors' report of that year:	
Final dividend of 22 sen per share paid on 31 May 2018	260,810
In respect of the financial year ended 31 December 2018:	
Interim dividend of 8 sen per share paid on 4 October 2018	113,808
	374,618

The Directors have recommended a final dividend of 20 sen per share in respect of the financial year ended 31 December 2018 for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

Together with the interim dividend already paid, the total dividends paid and proposed for the financial year ended 31 December 2018 would be 28 sen per share.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS' REPORT

SHARES AND DEBENTURES

On 26 July 2018, the Company issued 237,099,057 new ordinary shares ("Bonus Shares") in the Company at an issue price of RM1.00 per share via a bonus issue exercise on the basis of one (1) bonus share for every five (5) existing ordinary shares in the Company. The Bonus Shares were listed on the Main Market of Bursa Securities on 27 July 2018, and rank pari passu in all respects with the then existing ordinary shares of the Company.

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

DIRECTORS

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

Tan Sri Datuk Oh Siew Nam *(Chairman)*
Lim Soon Huat *(Managing Director)*
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Datuk Ong Hung Hock
Soh Chin Teck
Ahmad Riza bin Basir
Tam Chiew Lin

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Madam Tam Chiew Lin retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election as Directors.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The directors of the Company's subsidiaries during the financial year up to the date of this report are disclosed in the Appendix to the Directors' report.

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

	No. of ordinary shares registered in the name of Directors				
Name of Director	**As at 1.1.18**	**Bought**	**Bonus issue**	**Sold**	**As at 31.12.18**
Tan Sri Datuk Oh Siew Nam	120,666	-	24,133	-	144,799
Tam Chiew Lin	6,000	-	1,200	-	7,200

		No. of ordinary shares in which the Directors are deemed to have interest			
Name of Director	**As at 1.1.18**	**Bought**	**Bonus issue**	**Sold**	**As at 31.12.18**
Tan Sri Datuk Oh Siew Nam	1,204,498	-	240,899	-	1,445,397
Tam Chiew Lin	10,000	-	2,000	-	12,000

Interest in subsidiary - Tego Sdn Bhd

		No. of ordinary shares in which the Director is deemed to have interest		
Name of Director	**As at 1.1.18**	**Bought**	**Sold**	**As at 31.12.18**
Tan Sri Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company – Kuok Brothers Sdn Berhad

		No. of ordinary shares registered in the name of Directors		
Name of Director	**As at 1.1.18**	**Bought**	**Sold**	**As at 31.12.18**
Lim Soon Huat	200,000	-	-	200,000
Datuk Ong Hung Hock	290,000	-	-	290,000

		No. of ordinary shares in which the Director is deemed to have interest		
Name of Director	**As at 1.1.18**	**Bought**	**Sold**	**As at 31.12.18**
Tan Sri Datuk Oh Siew Nam	4,966,667	-	-	4,966,667

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

		No. of ordinary shares in which the Director is deemed to have interest		
Name of Director	**As at 1.1.18**	**Bought**	**Sold**	**As at 31.12.18**
Tan Sri Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2018 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

DIRECTORS' REPORT

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

Details of the remuneration and other benefits of the Directors are set out in note 5 to the financial statements. The amount of insurance premium paid and coverage effected for directors and officers of the Group amounted to RM72,000 and RM30 million respectively.

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 provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision 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 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 provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(ii) the values attributed to current assets in the financial statements of the Group and 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 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 the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

OTHER STATUTORY INFORMATION

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and 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 the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the adoption of Malaysian Financial Reporting Standards as disclosed in note 2.2 to the financial statements;

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or 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 the Company to meet their obligations as and when they fall due.

ULTIMATE HOLDING COMPANY

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

SUBSIDIARIES

Details of the subsidiaries are set out in note 42 to the financial statements.

AUDITORS

Details of the auditors' remuneration are set out in note 5 to the financial statements.

The auditors, Mazars PLT, retire and do not seek re-appointment at the forthcoming AGM of the Company.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the Board of Directors in accordance with a directors' resolution dated 28 March 2019.

On behalf of the board

TAN SRI DATUK OH SIEW NAM
Chairman

LIM SOON HUAT
Managing Director

Kuala Lumpur
28 March 2019

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000 (Restated)
Revenue	3	**4,528,260**	4,284,294
Cost of sales		**(3,966,904)**	(3,744,001)
Gross profit		**561,356**	540,293
Other operating income, other gains and losses		**96,751**	110,055
Distribution costs		**(196,582)**	(188,624)
Administrative expenses		**(177,217)**	(177,168)
Other expenses		**(6,358)**	(13,814)
Share of profits less losses of associates		**919,922**	1,032,028
Share of profits of joint venture		**3,704**	3,689
Finance costs	4	**(33,893)**	(35,860)
Profit before tax	5	**1,167,683**	1,270,599
Tax expense	6	**(64,732)**	(54,093)
Profit for the year		**1,102,951**	1,216,506
Attributable to:			
Owners of the parent		**1,075,096**	1,183,589
Non-controlling interests		**27,855**	32,917
		1,102,951	1,216,506
Earnings per share - basic and diluted (sen)	7	**75.6**	83.2

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000 (Restated)
Profit for the year	**1,102,951**	1,216,506
Other comprehensive income/(loss), net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value (losses)/gains on investments in equity instruments designated as fair value through other comprehensive income ("FVTOCI")	**(223,607)**	282,677
Items that will be subsequently reclassified to profit or loss		
Foreign exchange differences arising during the year:		
- Gains/(losses) on translation of foreign operations	**336,574**	(1,771,933)
Share of associates' other comprehensive (loss)/income	**(459,219)**	587,857
Total comprehensive income, net of tax	**756,699**	315,107
Attributable to:		
Owners of the parent	**740,353**	301,281
Non-controlling interests	**16,346**	13,826
	756,699	315,107

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	**1,292,431**	1,344,173	1,353,204
Investment properties	9	**243,380**	201,885	179,529
Right-of-use assets	10	**223,142**	229,478	231,864
Biological assets	11	**3,804**	3,616	4,115
Land held for property development	12	**101,525**	102,035	101,686
Goodwill	13	**73,704**	73,704	73,704
Other intangible assets	14	**12,241**	17,476	17,797
Investment in associates	16	**17,551,604**	17,032,033	17,402,571
Investment in joint venture	17	**57,017**	61,595	65,418
Other investments	18	**534,069**	722,221	440,356
Amount due from an associate	23	**8,604**	7,083	6,388
Deferred tax assets	19	**4,052**	2,269	2,500
Total non-current assets		**20,105,573**	19,797,568	19,879,132
Current assets				
Inventories	20	**892,023**	815,569	620,464
Biological assets	11	**21,980**	18,716	20,714
Other intangible assets	14	**50**	93	286
Property development costs	21	**13,790**	6,294	-
Contract assets	22	**22,827**	34,853	29,563
Trade and other receivables	23	**770,509**	898,588	924,866
Derivative financial assets	24	**498**	17	3,276
Current tax assets		**20,899**	18,086	5,985
Cash and cash equivalents	25	**1,391,164**	1,339,143	1,178,261
		3,133,740	3,131,359	2,783,415
Assets classified as held for sale	26	**5,350**	10,163	23,759
Total current assets		**3,139,090**	3,141,522	2,807,174
TOTAL ASSETS		**23,244,663**	22,939,090	22,686,306

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	27	**1,429,314**	1,192,215	1,185,500
Share premium		**-**	-	6,715
Other non-distributable reserves	28	**3,166,516**	3,496,275	4,352,235
Retained earnings		**16,444,244**	15,991,602	15,140,781
Equity attributable to owners of the parent		**21,040,074**	20,680,092	20,685,231
Non-controlling interests		**696,797**	675,863	695,129
Total equity		**21,736,871**	21,355,955	21,380,360
Non-current liabilities				
Borrowings	29	**20,857**	35,975	72,918
Lease obligations	10	**232,604**	240,379	243,433
Deferred tax liabilities	30	**86,460**	81,916	89,310
Total non-current liabilities		**339,921**	358,270	405,661
Current liabilities				
Contract liabilities	22	**22,939**	30,020	21,533
Trade and other payables	31	**631,228**	411,927	364,714
Derivative financial liabilities	24	**470**	337	5,221
Borrowings	29	**468,068**	744,749	455,086
Lease obligations	10	**32,469**	30,240	28,971
Current tax liabilities		**12,150**	6,107	24,760
		1,167,324	1,223,380	900,285
Liabilities associated with assets classified as held for sale	26	**547**	1,485	-
Total current liabilities		**1,167,871**	1,224,865	900,285
Total liabilities		**1,507,792**	1,583,135	1,305,946
TOTAL EQUITY AND LIABILITIES		**23,244,663**	22,939,090	22,686,306

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

		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 2017		1,185,500	6,715	39,511	3,099,410
Effects of adoption of MFRS	45	-	-	(39,511)	1,202,748
Restated		1,185,500	6,715	-	4,302,158
Other comprehensive (loss)/income		-	-	-	(1,319,993)
Profit for the year		-	-	-	-
Total comprehensive (loss)/income		-	-	-	(1,319,993)
Changes in equity interest in an associate	32	-	-	-	-
Transfer of reserves	28	-	-	-	-
Transfer pursuant to Companies Act 2016		6,715	(6,715)	-	-
Dividends paid to shareholders of the Company	33	-	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-
Acquisition of shares in a subsidiary		-	-	-	-
At 31 December 2017		1,192,215	-	-	2,982,165
At 1 January 2018		**1,192,215**	**-**	**38,966**	**1,753,866**
Effects of adoption of MFRS	45	**-**	**-**	**(38,966)**	**1,228,299**
Restated		**1,192,215**	**-**	**-**	**2,982,165**
Other comprehensive (loss)/income		**-**	**-**	**-**	**(98,654)**
Profit for the year		**-**	**-**	**-**	**-**
Total comprehensive (loss)/income		**-**	**-**	**-**	**(98,654)**
Changes in equity interest in an associate	32	**-**	**-**	**-**	**-**
Transfer of reserves	28	**-**	**-**	**-**	**-**
Dividends paid to shareholders of the Company	33	**-**	**-**	**-**	**-**
Dividends paid to non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**
Issuance of bonus shares		**237,099**	**-**	**-**	**-**
Expenses for issuance of bonus shares		**-**	**-**	**-**	**-**
Acquisition of shares in a subsidiary		**-**	**-**	**-**	**-**
Issue of shares to non-controlling interests		**-**	**-**	**-**	**-**
At 31 December 2018		**1,429,314**	**-**	**-**	**2,883,511**

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
9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
-	(13,634)	(23,651)	(1,413,311)	(287,359)	(14)	(287,373)
9,442	(64,634)	105,269	15,140,781	20,685,231	695,129	21,380,360
282,677	83,648	71,360	-	(882,308)	(19,091)	(901,399)
-	-	-	1,183,589	1,183,589	32,917	1,216,506
282,677	83,648	71,360	1,183,589	301,281	13,826	315,107
-	-	-	(12,164)	(12,164)	-	(12,164)
-	-	26,348	(26,348)	-	-	-
-	-	-	-	-	-	-
-	-	-	(296,375)	(296,375)	-	(296,375)
-	-	-	-	-	(30,873)	(30,873)
-	-	-	2,119	2,119	(2,219)	(100)
292,119	19,014	202,977	15,991,602	20,680,092	675,863	21,355,955
292,119	**13,528**	**180,305**	**17,427,041**	**20,898,040**	**676,176**	**21,574,216**
-	**5,486**	**22,672**	**(1,435,439)**	**(217,948)**	**(313)**	**(218,261)**
292,119	**19,014**	**202,977**	**15,991,602**	**20,680,092**	**675,863**	**21,355,955**
(223,607)	**(28,963)**	**16,481**	**-**	**(334,743)**	**(11,509)**	**(346,252)**
-	**-**	**-**	**1,075,096**	**1,075,096**	**27,855**	**1,102,951**
(223,607)	**(28,963)**	**16,481**	**1,075,096**	**740,353**	**16,346**	**756,699**
-	**-**	**-**	**(6,399)**	**(6,399)**	**-**	**(6,399)**
-	**-**	**4,984**	**(4,984)**	**-**	**-**	**-**
-	**-**	**-**	**(374,618)**	**(374,618)**	**-**	**(374,618)**
-	**-**	**-**	**-**	**-**	**(19,395)**	**(19,395)**
-	**-**	**-**	**(237,099)**	**-**	**-**	**-**
-	**-**	**-**	**(228)**	**(228)**	**-**	**(228)**
-	**-**	**-**	**874**	**874**	**(5,874)**	**(5,000)**
-	**-**	**-**	**-**	**-**	**29,857**	**29,857**
68,512	**(9,949)**	**224,442**	**16,444,244**	**21,040,074**	**696,797**	**21,736,871**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**1,167,683**	1,270,599
Adjustments for non-cash items:		
Amortisation and depreciation	**181,538**	182,354
Bad and doubtful debts	**1,719**	480
Property, plant and equipment and investment properties written off	**1,939**	1,424
Net impairment of property, plant and equipment and land held for property development	**1,088**	-
Net gain on disposal of property, plant and equipment, investment properties and assets held for sale	**(2,001)**	(8,297)
Fair value (gain)/loss on biological assets	**(1,996)**	1,529
Share of profits less losses of associates	**(919,922)**	(1,032,028)
Share of profits of joint venture	**(3,704)**	(3,689)
Unrealised net foreign exchange (gain)/loss	**(13,260)**	20,139
Unrealised net (gain)/loss on fair value of derivative financial instruments	**(350)**	4,148
Interest expense	**33,893**	35,860
Dividend income	**(10,330)**	(8,670)
Income from short-term fund placements	**(31,181)**	(25,307)
Interest income	**(14,689)**	(16,557)
Rental income	**(4,483)**	(5,157)
Other non-cash items	**(304)**	98
Operating profit before working capital changes	**385,640**	416,926
Adjustments for working capital changes:		
Land and development expenditure	**(7,452)**	(349)
Inventories, biological assets and other intangible assets	**(95,968)**	(248,543)
Contract assets/contract liabilities	**4,944**	2,266
Receivables	**916**	(96,701)
Payables	**245,269**	53,093
Cash generated from operations	**533,349**	126,692
Tax paid	**(58,289)**	(91,485)
Net cash generated from operating activities	**475,060**	35,207

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of shares in a subsidiary	**(5,000)**	(100)
Surplus from liquidation of subsidiaries	**135**	750
Acquisition of associates	**(100,045)**	(29,077)
Purchase of other investments	**(35,156)**	-
Proceeds from disposal of a subsidiary	**7,205**	-
Repayment from associates	**130,677**	68,034
Purchase of property, plant and equipment	**(103,720)**	(146,363)
Purchase of land held for property development, investment properties, biological assets and other intangible assets	**(46,902)**	(22,320)
Proceeds from disposal of property, plant and equipment, investment properties and assets held for sale	**4,475**	37,082
Distribution of profit from joint venture	**6,403**	5,532
Dividends received	**390,183**	282,619
Income received from short-term fund placements	**30,372**	15,036
Interest received	**14,614**	16,871
Rental received	**4,483**	5,157
Net cash generated from investing activities	**297,724**	233,221
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares by a subsidiary	**29,857**	-
(Repayment)/drawdown of borrowings	**(291,384)**	300,293
Payment of lease obligations	**(43,618)**	(40,803)
Interest paid	**(23,488)**	(25,122)
Dividends paid	**(394,013)**	(327,248)
Other financing activities	**(227)**	-
Net cash used in financing activities	**(722,873)**	(92,880)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**49,911**	175,548
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**1,338,663**	1,177,203
EFFECTS OF EXCHANGE RATE CHANGES	**2,137**	(14,088)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**1,390,711**	1,338,663
Represented by:		
Cash and bank balances	**193,760**	281,135
Deposits	**281,455**	240,511
Short-term fund placements	**915,949**	817,497
Bank overdrafts	**(453)**	(480)
	1,390,711	1,338,663

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT

For the year ended 31 December 2018

	Note	**2018 RM'000**	2017 RM'000 (Restated)
Revenue	3	**471,174**	403,549
Cost of sales		**(25,952)**	(24,294)
Gross profit		**445,222**	379,255
Other operating income, other gains and losses		**30,399**	28,320
Administrative expenses		**(26,902)**	(22,918)
Finance costs	4	**(87)**	(120)
Profit before tax	5	**448,632**	384,537
Tax expense	6	**482**	(258)
Profit for the year		**449,114**	384,279

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000 (Restated)
Profit for the year	**449,114**	384,279
Other comprehensive (loss)/income, net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value (losses)/gains on investments in equity instruments designated as FVTOCI	**(212,917)**	267,232
Total comprehensive income, net of tax	**236,197**	651,511

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	**1,870**	1,604	1,903
Investment properties	9	**303,877**	302,550	291,372
Right-of-use assets	10	**1,153**	2,399	3,443
Investment in subsidiaries	15	**1,490,252**	1,490,252	1,495,414
Investment in associates	16	**8,841,349**	8,782,287	8,782,287
Amount due from an associate	23	**8,604**	7,083	6,388
Other investments	18	**508,522**	686,278	419,046
Deferred tax assets	19	**24**	37	39
Total non-current assets		**11,155,651**	11,272,490	10,999,892
Current assets				
Trade and other receivables	23	**16,782**	16,168	7,997
Current tax asset		**1,212**	672	-
Cash and cash equivalents	25	**705,498**	725,706	656,060
Total current assets		**723,492**	742,546	664,057
TOTAL ASSETS		**11,879,143**	12,015,036	11,663,949
EQUITY AND LIABILITIES				
Equity				
Share capital	27	**1,429,314**	1,192,215	1,185,500
Share premium		**-**	-	6,715
Fair value reserve		**(258,903)**	(45,986)	(313,218)
Retained earnings		**10,687,050**	10,849,881	10,761,977
Total equity		**11,857,461**	11,996,110	11,640,974
Non-current liabilities				
Deferred tax liabilities	30	**255**	555	595
Borrowings	29	**259**	-	-
Lease obligations	10	**224**	1,255	2,371
Total non-current liabilities		**738**	1,810	2,966
Current liabilities				
Trade and other payables	31	**19,839**	15,815	18,697
Borrowings	29	**74**	-	-
Lease obligations	10	**1,031**	1,301	1,236
Current tax liabilities		**-**	-	76
Total current liabilities		**20,944**	17,116	20,009
Total liabilities		**21,682**	18,926	22,975
TOTAL EQUITY AND LIABILITIES		**11,879,143**	12,015,036	11,663,949

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Note	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2017		1,185,500	6,715	(313,218)	10,761,202	11,640,199
Effects of adoption of MFRS		-	-	-	775	775
Restated		1,185,500	6,715	(313,218)	10,761,977	11,640,974
Other comprehensive income		-	-	267,232	-	267,232
Profit for the year		-	-	-	384,279	384,279
Total comprehensive income		-	-	267,232	384,279	651,511
Transfer pursuant to Companies Act 2016		6,715	(6,715)	-	-	-
Dividends paid to shareholders of the Company	33	-	-	-	(296,375)	(296,375)
At 31 December 2017		1,192,215	-	(45,986)	10,849,881	11,996,110
At 1 January 2018		**1,192,215**	**-**	**(45,986)**	**10,849,107**	**11,995,336**
Effects of adoption of MFRS		**-**	**-**	**-**	**774**	**774**
Restated		**1,192,215**	**-**	**(45,986)**	**10,849,881**	**11,996,110**
Other comprehensive loss		**-**	**-**	**(212,917)**	**-**	**(212,917)**
Profit for the year		**-**	**-**	**-**	**449,114**	**449,114**
Total comprehensive income		**-**	**-**	**(212,917)**	**449,114**	**236,197**
Issuance of bonus shares		**237,099**	**-**	**-**	**(237,099)**	**-**
Expenses for issuance of bonus shares		**-**	**-**	**-**	**(228)**	**(228)**
Dividends paid to shareholders of the Company	33	**-**	**-**	**-**	**(374,618)**	**(374,618)**
At 31 December 2018		**1,429,314**	**-**	**(258,903)**	**10,687,050**	**11,857,461**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 RM'000	2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**448,632**	384,537
Adjustments for non-cash items:		
Amortisation and depreciation	**8,560**	7,736
Dividend income	**(436,901)**	(372,283)
Income from short-term fund placements	**(24,714)**	(20,238)
Interest income	**(2,853)**	(5,640)
Other non-cash items	**360**	283
Operating loss before working capital changes	**(6,916)**	(5,605)
Adjustments for working capital changes:		
Receivables	**1,240**	6,006
Payables	**3,472**	1,917
Cash (used in)/generated from operations	**(2,204)**	2,318
Tax paid	**(346)**	(1,045)
Net cash (used in)/generated from operating activities	**(2,550)**	1,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,122)**	-
Upgrading of investment properties	**(8,047)**	(17,244)
Acquisition of an associate	**(59,062)**	-
Purchase of other investments	**(35,161)**	-
Advances to a subsidiary	**(1,600)**	(8,000)
Dividends received	**436,901**	372,283
Income received from short-term fund placements	**24,442**	13,770
Interest received	**2,376**	5,597
Other investing activities	**(478)**	(301)
Net cash generated from investing activities	**358,249**	366,105
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	**(1,374)**	(1,357)
Dividends paid	**(374,618)**	(296,375)
Other financing activities	**85**	-
Net cash used in financing activities	**(375,907)**	(297,732)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(20,208)**	69,646
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**725,706**	656,060
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**705,498**	725,706

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. GENERAL

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

The addresses of the principal place of business and registered office of the Company are disclosed on page 16.

The ultimate holding company is Kuok Brothers Sdn Berhad, a company incorporated in Malaysia.

The Company is principally engaged in property investment and investment holding. There are no significant changes in the Company's principal activities during the financial year. The principal activities of the subsidiaries are set out in note 42.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value.

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

2.2 Changes in accounting policies

The financial statements of the Group and the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 First-time adoption of MFRS. Subject to certain transition elections disclosed in note 45 to the financial statements, the Group and the Company have applied the accounting policies consistently in the statements of financial position at 1 January 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes. Note 45 to the financial statements sets out the impact of the transition to MFRS on the financial position and financial performance of the Group and the Company.

The Group and the Company have early adopted MFRS 16 Leases for the current financial year. Note 45 to the financial statements sets out the impact of the application MFRS 16 on the financial position and financial performance of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued that are not yet effective

The Group and the Company have not applied the following amendments and interpretation which are relevant to the Group and the Company that have been issued by the MASB but are not yet effective:

		Effective Date
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above amendments and interpretation are not expected to have significant impact on the financial statements of the Group and the Company.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

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

(a) Critical judgement made in applying accounting policies

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

(i) Revenue recognition of property development activities and construction contracts

The Group recognises property development and construction contracts revenue and expenses over time based on the percentage of completion method. The stages of completion of the property development activities and construction contracts are measured in accordance with the accounting policies set out in note 2.19.

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.

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over the estimated useful lives of the assets. 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 and the Company's property, plant and equipment and investment properties at the end of the reporting period are disclosed in notes 8 and 9.

(ii) Impairment loss and write down of inventories

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

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

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect to the Group's products, the Group might be required to write down 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 20.

(iii) Impairment of goodwill

The Group performs 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.

Management ascertains the value-in-use by an estimate of the expected future cash flows from the cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's goodwill is disclosed in note 13.

(iv) Impairment of investments in subsidiaries, associates and joint venture

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

Management ascertains the recoverable amount by using the expected future cash flows from the subsidiaries, associates and joint venture and applies a suitable discount rate in order to calculate the present value of those cash flows. The carrying values of the Group's investments in associates and joint venture as well as the Company's investments in subsidiaries and associates at the end of the reporting period are disclosed in notes 15, 16 and 17.

(v) Lease liability

Management has determined the lease term, based on an evaluation of the terms and conditions of the arrangements, as the non-cancellable period of a lease, taking into consideration:
- periods covered by an option to extend the lease; and
- periods covered by an option to terminate the lease.

In determining whether it is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease, management has considered all relevant facts and circumstances that have created the economic incentives to exercise such options when exercising its judgement in the assessment.

The lease terms and the discount rates have been determined using appropriate assumptions as necessary including management's estimation of the applicable interest costs.

The carrying amount of lease liabilities are disclosed in note 10.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(vi) Determining the loss allowance for trade receivables

Management assesses the expected credit losses ("ECL") for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies the simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables.

In determining the ECL, management uses the historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management also considers, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables is mainly based on the historical credit loss experience. The carrying amount of trade receivables is disclosed in note 23 to the financial statements.

2.5 Separate financial statements of the Company

Investments in subsidiaries, associates and joint ventures are stated at cost less impairment losses, unless the investment is classified as held for sale.

On disposal, the difference between the net disposal proceeds and the carrying amount of a subsidiary, associate or joint venture disposed of are taken to profit or loss.

2.6 Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and of all the subsidiaries controlled by the Company made up to the end of the financial year.

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

(i) power over the entity;

(ii) exposure, or rights, to variable returns from its involvement with the entity; and

(iii) the ability to use its power over the entity to affect the amount of the returns.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation (continued)

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

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

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

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

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

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

2.7 Business combination

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquire; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination is achieved in stages.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

2.8 Associates and joint venture

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but no control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint venture (continued)

Investments in associates or joint ventures are accounted for in the financial statements using the equity method of accounting. The Group's investment in associates or joint ventures include goodwill identified on acquisition, net of any accumulated impairment loss. The results and net assets of associates or joint ventures are accounted using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures. Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

The Group's share of net profits or losses and changes recognised in the other comprehensive income of the associates or joint venture are recognised in the consolidated income statement and consolidated statement of comprehensive income respectively. The Group's share of an associate's net changes, other than profit or loss or other comprehensive income and distribution received, is recognised in equity.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

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

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

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

2.9 Property, plant and equipment

(a) Measurement basis

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

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

Subsequent costs are included as part of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property, plant and equipment (continued)

(a) Measurement basis (continued)

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

(b) Depreciation

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

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

The principal annual depreciation rates used for this purpose are:

Land and buildings	2%	-	20% or over the remaining period of lease
Plant and machinery	5%	-	33 $^{1}/_{3}$%
Motor vehicles	5%	-	20%
Furniture, fittings, office and other equipment	10%	-	50%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if deemed 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. Investment properties include properties that are being constructed or developed for future use as investment properties.

(a) Measurement basis

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

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

Subsequent costs are included as part of the 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 costs of repair 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties (continued)

(b) Depreciation

Freehold land is not depreciated.

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

The principal annual depreciation 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 deemed appropriate, at the end of each reporting period.

2.11 Biological assets

Biological assets comprise primarily livestock and oil palms.

Biological assets are measured at fair value less costs to sell. Costs to sell include all incremental costs that would be necessary to sell the biological assets. Changes in fair value are recognised in profit or loss.

(a) Livestock

Farming costs including feeding, labour costs and veterinary services are recognised as an expense when incurred. The cost of purchase of livestock plus transportation charges are capitalised as part of biological assets.

(b) Oil palms

Oil palm trees are bearer plants, while produce that grow on mature plantations (FFB) are biological assets until the point of harvest. Harvested FFB is transferred to inventory at fair value less costs to sell when harvested.

Bearer plants include mature and immature oil palm plantations.

Oil palm trees are classified as immature until the commencement of commercial production. At that point, they are reclassified to mature plantations. Immature plantations are stated at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect costs based on planted area.

Mature plantations are stated at cost less accumulated depreciation and impairment loss. Mature plantations are depreciated on a straight-line basis over its estimated useful life of 20 to 25 years, upon commencement of commercial production. The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Biological assets (continued)

(b) Oil palms (continued)

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the bearer plant is recognised in profit or loss.

2.12 Leases

The Group as lessee

Right-of-use assets and corresponding lease obligations are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based on an index or rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date.

Variable lease payment (not based on an index or rate) is recognised as an expense in the period in which it is incurred.

The Group as lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property development

Property development is classified under two categories i.e. land held for property development and property development costs.

Land held for property development

Land held for property development is land on which development is not expected to be completed within the normal operating cycle. No significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as a non-current asset. Land held for property development is measured at the lower of cost and net realisable value. Costs include 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 (current asset).

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. Property development costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

2.14 Intangible assets

(a) Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised and is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

(b) Computer software and film rights

(i) Measurement basis

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets (continued)

(b) Computer software and film rights (continued)

(ii) Amortisation

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

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

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

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:
- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Financial assets at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, the related interest income, foreign exchange revaluation gain/loss and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. All other changes in the carrying amount are recognised in OCI and accumulated in a reserve in equity. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to profit or loss.

Equity instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments designated as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. The cumulative gain or loss will not be reclassified to profit or loss on derecognition of the equity investments, instead, they will be transferred to retained earnings. Equity instruments designated as FVTOCI are not subject to impairment assessment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including:

- investments in equity instruments are classified as FVTPL, unless management designates an equity investment as FVTOCI on initial recognition;
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as FVTPL. Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of financial assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is arrived at based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL. The ECL on these financial assets are estimated using a provision matrix based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial assets at an amount equal to 12-month ECL. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring, a loss allowance is required for credit losses expected over the remaining life of the financial assets (lifetime ECL).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received.

Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost (using the effective interest method) or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is:
- contingent consideration of an acquirer in a business combination;
- held for trading; or
- designated as FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives entered into by the entity that are not designated as hedging instruments. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

For financial liabilities that are designated as FVTPL, the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities that are not:
- contingent consideration of an acquirer in a business combination;
- held-for-trading; or
- designated as FVTPL,

are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:
- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on either the first-in-first-out basis, the weighted average basis or a specific identification method depending on the nature of the inventories.

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

2.17 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, a provision represents the present value of those estimated future cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 of customary in nature.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Non-current assets held for sale and discontinued operations (continued)

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

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

2.19 Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services is transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customers, generally upon delivery of goods.

In determining the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

Rendering of services

Revenue is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input method to measure progress towards complete satisfaction of the services.

Property development and construction contracts

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (continued)

Property development and construction contracts (continued)

Revenue from sales of completed properties is recognised when control of the properties has been passed to the buyers.

Contract balances arising from revenue recognition

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Cost to obtain a contract

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised contract costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

Other income is recognised as follows:
- interest income is recognised using the effective interest method; and
- dividend income is recognised when the right to receive payment is established.

2.20 Foreign currencies

(a) Functional currency

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

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

(b) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair values were determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currencies (continued)

(b) Transactions and balances in foreign currencies (continued)

Exchange differences are recognised in profit or loss, except for:

- exchange differences on borrowings denominated in foreign currencies relating to an asset under construction, which are included in the cost of that asset when the exchange differences are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(c) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations (including goodwill and fair value adjustments arising from the acquisition of a foreign operation) are translated at prevailing exchange rate on the reporting date. Income and expense items are translated at average exchange rates for the period. Exchange differences arising from the translation of the financial statements of the foreign operation are recognised in other comprehensive income; accumulated in a separate component of equity and attributed to non-controlling interests as appropriate.

On disposal of a foreign operation (i.e. loss of control, joint control or significant influence), the accumulated exchange differences recognised in equity relating to that foreign operation is reclassified to profit or loss.

In the case of a partial disposal without loss of control over a foreign operation, the proportionate share of accumulated exchange differences in equity is re-attributed to non-controlling interests and is not recognised in profit or loss. For other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in losing of significant influence or joint control), the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

2.21 Impairment of non-financial assets

(a) Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units.

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. The 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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

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

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

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

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

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

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

2.22 Employee benefits

(a) Short-term employee benefits

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

(b) Post-employment benefits

The Company and its Malaysian subsidiaries make monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan. Foreign subsidiaries make contributions to their respective statutory pension plans. The obligation of the Group is limited to the amount that they agree to contribute to those defined contribution plans. The contributions to those plans are recognised as an expense when employees have rendered service entitling them to the contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (continued)

(c) Termination benefits

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

2.23 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.

2.24 Taxation

The income tax expense represents the aggregate amount of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit 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 in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxation (continued)

Deferred tax (continued)

Deferred taxes 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 the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

2.25 Cash and cash equivalents

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

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

2.26 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.

2.27 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included in Level 1, for assets or liabilities that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques that include unobservable inputs for assets or liabilities

3. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000
Revenue from contracts with customers				
(i) Recognised at a point in time				
Sale of goods	**3,848,363**	3,716,981	**-**	-
Sale of completed properties	**-**	6,800	**-**	-
(ii) Recognised over time				
Construction contracts	**186,597**	112,936	**-**	-
Sale of development properties	**6,622**	-	**-**	-
Revenue from cinema operations	**406,086**	371,772	**-**	-
Rendering of services	**34,617**	33,530	**-**	-
	4,482,285	4,242,019	**-**	-
Rental from leasing of investment properties	**35,645**	33,605	**34,273**	31,266
Dividend income	**10,330**	8,670	**436,901**	372,283
	4,528,260	4,284,294	**471,174**	403,549

Reconciliation of revenue from contract customers and segmental information:

	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Total RM'000
2018							
Sales of goods	**2,992,121**	**637,721**	**132,266**	**-**	**-**	**86,255**	**3,848,363**
Sale of development properties	**-**	**-**	**-**	**-**	**6,622**	**-**	**6,622**
Construction contracts	**-**	**-**	**-**	**186,597**	**-**	**-**	**186,597**
Revenue from cinema operations	**-**	**-**	**406,086**	**-**	**-**	**-**	**406,086**
Rendering of services	**-**	**-**	**-**	**17,992**	**9,128**	**7,497**	**34,617**
	2,992,121	**637,721**	**538,352**	**204,589**	**15,750**	**93,752**	**4,482,285**

3. REVENUE (CONTINUED)

	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Total RM'000
2017							
Sales of goods	2,847,639	670,620	109,529	-	-	89,193	3,716,981
Sale of completed properties	-	-	-	-	6,800	-	6,800
Construction contracts	-	-	-	112,936	-	-	112,936
Revenue from cinema operations	-	-	371,772	-	-	-	371,772
Rendering of services	-	-	-	17,140	5,649	10,741	33,530
	2,847,639	670,620	481,301	130,076	12,449	99,934	4,242,019

4. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Interest expense on:				
Banker's acceptance	**1,504**	2,485	**-**	-
Revolving credits	**996**	1,172	**-**	-
Bank term loans	**21,090**	21,682	**-**	-
Bank overdrafts	**108**	108	**-**	-
Interest expense on lease obligations	**10,181**	10,413	**73**	120
Hire purchase	**14**	-	**14**	-
	33,893	35,860	**87**	120

5. PROFIT BEFORE TAX

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Profit before tax is stated after charging/(crediting):				
Amortisation of other intangible assets	**21,982**	26,736	**-**	-
Auditors' remuneration				
- statutory audit	**1,078**	1,052	**118**	88
- assurance and related services	**52**	62	**11**	6
Bad and doubtful debts arising from contracts with customers	**2,424**	1,849	**-**	-
Bad and doubtful debts arising from trade and other receivables	**119**	24	**119**	24
Depreciation				
- property, plant and equipment	**120,107**	119,327	**675**	434
- investment properties	**4,998**	4,325	**6,640**	6,066
- right-of-use assets	**34,200**	31,744	**1,245**	1,236
- biological assets	**251**	222	**-**	-
Direct operating expenses from revenue generating properties	**28,992**	27,468	**27,606**	25,810
Directors' remuneration				
- Company's directors				
- fees	**967**	967	**940**	940
- other emoluments	**6,041**	5,664	**3,508**	3,073
- Subsidiaries' directors				
- fees	**278**	269	**-**	-
- other emoluments	**14,698**	15,939	**-**	-

5. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Net foreign exchange loss/(gain)				
- realised	**22,228**	(2,250)	**(54)**	-
- unrealised	**(13,260)**	20,139	**-**	-
Net fair value (gain)/loss on				
- derivative financial instruments	**(23,793)**	(42,144)	**-**	-
- biological assets	**(1,996)**	1,529	**-**	-
Net (gain)/loss on disposal of				
- property, plant and equipment	**(1,006)**	(286)	**74**	78
- a subsidiary	**(317)**	-	**-**	-
- non-current assets held for sale	**(995)**	(8,011)	**-**	-
Impairment of				
- property, plant and equipment	**821**	-	**-**	-
- land held for property development	**467**	-	**-**	-
- biological assets	**-**	419	**-**	-
Short-term and low value asset leases	**468**	743	**-**	-
Assets written off				
- property, plant and equipment	**1,858**	1,424	**-**	-
- other assets	**100**	-	**80**	-
Inventories written down	**-**	299	**-**	-
Dividends from subsidiaries	**-**	-	**(58,750)**	(104,250)
Dividends from associates	**-**	-	**(368,341)**	(259,870)
Dividends from other investments	**(10,330)**	(8,670)	**(9,810)**	(8,163)
Interest income	**(14,689)**	(16,557)	**(2,853)**	(5,640)
Income from short-term fund placements	**(31,181)**	(25,307)	**(24,714)**	(20,238)
Rental income	**(4,483)**	(5,157)	**-**	-
Allowance for doubtful debts written back	**(575)**	(1,392)	**-**	-

6. TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Malaysian taxation				
Current	**57,784**	57,829	**-**	336
Deferred	**5,841**	(12,900)	**(13)**	(32)
	63,625	44,929	**(13)**	304
Foreign taxation				
Current	**3,098**	4,071	**-**	-
Deferred	**1,482**	5,292	**-**	-
	68,205	54,292	**(13)**	304
Under/(Over) provision in prior year				
Malaysian taxation				
Current	**594**	(717)	**(195)**	(39)
Deferred	**(4,067)**	469	**(274)**	(7)
Foreign taxation				
Current	**-**	49	**-**	-
	64,732	54,093	**(482)**	258

The statutory tax rate applicable to the Company is 24% (2017: 24%). Taxation for other jurisdictions are calculated at rates prevailing in other jurisdictions.

6. TAX EXPENSE (CONTINUED)

The difference between the provision for taxation and the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax excluding share of results of associates and joint venture, is analysed as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Accounting profit	**244,057**	234,882	**448,632**	384,537
Taxation at applicable tax rate	**58,760**	57,707	**107,672**	92,289
Tax effects arising from:				
Non-taxable income	**(17,982)**	(17,400)	**(110,787)**	(94,031)
Expenses eligible for double deduction	**-**	(9)	**-**	-
Non-deductible expenses	**17,968**	20,938	**3,049**	1,862
Real property gains tax	**-**	518	**-**	-
Utilisation of tax incentive	**(3,114)**	(10,270)	**-**	-
Utilisation of previously unrecognised tax losses	**(47)**	(5,659)	**-**	-
Withholding tax on undistributed profits of foreign associates	**5,780**	3,597	**-**	-
Deferred tax assets not recognised	**6,840**	4,870	**53**	184
Overprovision in prior year	**(3,473)**	(199)	**(469)**	(46)
	64,732	54,093	**(482)**	258

7. EARNINGS PER SHARE

The basic and diluted earnings per share are 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	
	2018	2017
Profit for the year attributable to owners of the parent (RM'000)	**1,075,096**	1,183,589
Number of ordinary shares in issue ('000)	**1,422,599**	1,422,599
Earnings per share - basic and diluted (sen)	**75.6**	83.2

The basic and diluted earnings per share are the same as the Group has no potential dilutive ordinary shares as at the end of the financial year.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery	Motor vehicles	Furniture, fittings, office and other equipment	Capital work-in-progress	Total
	Freehold RM'000	Leasehold RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Cost							
At 1.1.2018	187,285	930,695	977,583	84,749	177,328	9,282	2,366,922
Additions	881	25,543	24,013	8,880	10,484	17,126	86,927
Disposals	-	-	(540)	(8,463)	(400)	-	(9,403)
Exchange differences	-	(5,046)	(10,568)	(35)	(1,036)	58	(16,627)
Write-offs	(696)	(4,093)	(8,657)	(447)	(3,439)	-	(17,332)
Reclassifications	-	8,665	3,780	-	38	(12,483)	-
Transfer to investment properties	(3,316)	-	-	-	-	-	(3,316)
Transfer to assets classified as held for sale	(7,274)	-	(5,927)	-	(1,240)	-	(14,441)
At 31.12.2018	176,880	955,764	979,684	84,684	181,735	13,983	2,392,730
Accumulated depreciation							
At 1.1.2018	74,665	327,598	468,894	41,244	108,919	-	1,021,320
Charge for the year	3,941	37,443	54,610	8,752	15,361	-	120,107
Disposals	-	-	(515)	(7,134)	(241)	-	(7,890)
Exchange differences	-	(882)	(8,480)	(15)	(408)	-	(9,785)
Write-offs	(531)	(3,294)	(8,194)	(311)	(3,144)	-	(15,474)
Transfer to investment properties	(663)	-	-	-	-	-	(663)
Transfer to assets classified as held for sale	(3,166)	-	(4,101)	-	(1,156)	-	(8,423)
At 31.12.2018	74,246	360,865	502,214	42,536	119,331	-	1,099,192

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings						
	Freehold RM'000	Leasehold RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
Accumulated impairment losses							
At 1.1.2018	**476**	**523**	**-**	**-**	**430**	**-**	**1,429**
Charge for the year	**-**	**354**	**467**	**-**	**-**	**-**	**821**
Transfer to assets classified as held for sale	**(476)**	**-**	**(467)**	**-**	**-**	**-**	**(943)**
Impairment written back	**-**	**-**	**-**	**-**	**(200)**	**-**	**(200)**
At 31.12.2018	**-**	**877**	**-**	**-**	**230**	**-**	**1,107**
Net book value at 31.12.2018	**102,634**	**594,022**	**477,470**	**42,148**	**62,174**	**13,983**	**1,292,431**
Cost							
At 1.1.2017	**186,607**	**876,253**	**904,389**	**80,879**	**160,387**	**113,766**	**2,322,281**
Additions	5,312	27,746	40,973	9,373	15,832	68,848	168,084
Disposals	-	-	(2,604)	(4,310)	(1,073)	-	(7,987)
Exchange differences	-	(28,957)	(31,349)	(380)	(793)	(2,550)	(64,029)
Write-offs	-	(2,520)	(7,857)	(278)	(2,122)	-	(12,777)
Reclassifications	198	67,531	95,907	-	6,536	(170,172)	-
Transfer to assets classified as held for sale	-	(7,079)	(21,876)	(535)	(1,439)	(367)	(31,296)
Transfer to investment properties	(4,832)	(2,279)	-	-	-	(80)	(7,191)
Transfer to other intangible assets	-	-	-	-	-	(163)	(163)
At 31.12.2017	**187,285**	**930,695**	**977,583**	**84,749**	**177,328**	**9,282**	**2,366,922**

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery	Motor vehicles	Furniture, fittings, office and other equipment	Capital work-in-progress	Total
	Freehold RM'000	Leasehold RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Accumulated depreciation							
At 1.1.2017	**71,692**	**301,201**	**459,128**	**36,399**	**99,228**	**-**	**967,648**
Charge for the year	4,450	39,288	52,590	8,479	14,520	-	119,327
Disposals	-	-	(2,445)	(3,015)	(975)	-	(6,435)
Exchange differences	-	(6,392)	(13,826)	(191)	(522)	-	(20,931)
Write-offs	-	(1,610)	(7,601)	(85)	(2,057)	-	(11,353)
Reclassifications	71	(71)	-	-	-	-	-
Transfer to assets classified as held for sale	-	(4,377)	(18,952)	(343)	(1,275)	-	(24,947)
Transfer to investment properties	(1,548)	(441)	-	-	-	-	(1,989)
At 31.12.2017	**74,665**	**327,598**	**468,894**	**41,244**	**108,919**	**-**	**1,021,320**
Accumulated impairment losses							
At 1.1.2017 / 31.12.2017	**476**	**523**	**-**	**-**	**430**	**-**	**1,429**
Net book value at 31.12.2017	**112,144**	**602,574**	**508,689**	**43,505**	**67,979**	**9,282**	**1,344,173**

As at 31 December 2017 and 1 January 2017, property, plant and equipment of the Group with carrying amount of RM194.9 million and RM218.5 million respectively, were charged as security for bank borrowings referred to in note 29.

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
Company			
Cost			
At 1.1.2018	**1,207**	**4,415**	**5,622**
Additions	**423**	**699**	**1,122**
Disposals	**(640)**	**-**	**(640)**
Write-offs	**-**	**(359)**	**(359)**
At 31.12.2018	**990**	**4,755**	**5,745**
Accumulated depreciation			
At 1.1.2018	**805**	**3,213**	**4,018**
Charge for the year	**292**	**383**	**675**
Disposals	**(460)**	**-**	**(460)**
Write-offs	**-**	**(358)**	**(358)**
At 31.12.2018	**637**	**3,238**	**3,875**
Net book value at 31.12.2018	**353**	**1,517**	**1,870**
Cost			
At 1.1.2017	1,765	4,109	5,874
Additions	-	337	337
Disposals	(558)	(26)	(584)
Write-offs	-	(5)	(5)
At 31.12.2017	1,207	4,415	5,622
Accumulated depreciation			
At 1.1.2017	1,082	2,889	3,971
Charge for the year	81	353	434
Disposals	(358)	(25)	(383)
Write-offs	-	(4)	(4)
At 31.12.2017	805	3,213	4,018
Net book value at 31.12.2017	402	1,202	1,604

9. INVESTMENT PROPERTIES

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Cost				
At 1 January	**326,712**	299,350	**348,630**	331,386
Additions	**44,190**	23,845	**8,047**	17,244
Write-offs	**(2,833)**	-	**(100)**	-
Transfer from property, plant and equipment	**3,316**	7,191	**-**	-
Transfer to property development costs	**-**	(1,404)	**-**	-
Transfer to assets classified as held for sale	**(583)**	(2,270)	**-**	-
At 31 December	**370,802**	326,712	**356,577**	348,630
Accumulated depreciation				
At 1 January	**119,992**	114,986	**42,058**	35,992
Charge for the year	**4,998**	4,325	**6,640**	6,066
Write-offs	**(2,719)**	-	**(20)**	-
Transfer from property, plant and equipment	**663**	1,989	**-**	-
Transfer to assets classified as held for sale	**(314)**	(1,308)	**-**	-
At 31 December	**122,620**	119,992	**48,678**	42,058
Accumulated impairment losses				
At 1 January	**4,835**	4,835	**4,022**	4,022
Write-off	**(33)**	-	**-**	-
At 31 December	**4,802**	4,835	**4,022**	4,022
Net book value at 31 December	**243,380**	201,885	**303,877**	302,550
Fair value at 31 December	**840,046**	814,855	**502,370**	484,680

The fair value of the investment properties as at the financial year end was arrived at by reference to market evidence of transacted prices for similar properties and was performed by an experienced registered independent valuer for the locations and type of the properties being valued.

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

10. LEASES

The Group as a Lessee:

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
Right-of-use assets:						
Properties	**223,142**	229,478	231,864	**1,153**	2,399	3,443
Provision for restoration cost	**31,550**	31,550	27,650	**-**	-	-
Lease obligations	**233,523**	239,069	244,754	**1,255**	2,556	3,607
Total lease obligations	**265,073**	270,619	272,404	**1,255**	2,556	3,607
Analysis of lease obligations:						
Non-current	**232,604**	240,379	243,433	**224**	1,255	2,371
Current	**32,469**	30,240	28,971	**1,031**	1,301	1,236
	265,073	270,619	272,404	**1,255**	2,556	3,607

The leases of properties are typically made for periods of 1 to 15 years. The lessors do not impose any covenants.

Additions to right-of-use assets during the current financial year for the Group amounted to RM26.7 million (2017: RM24.4 million).

The changes in lease obligations (fixed lease payments) are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Balance as at 1 January	**239,069**	244,754	**2,556**	3,607
Lease payment	**(43,618)**	(40,803)	**(1,374)**	(1,357)
Finance cost	**10,181**	10,413	**73**	120
Addition	**27,911**	24,700	**-**	186
Exchange differences	**(20)**	5	**-**	-
Balance as at 31 December	**233,523**	239,069	**1,255**	2,556

10. LEASES (CONTINUED)

Some of the property leases of the Group contain both fixed and variable lease payment terms. The variable lease payments are linked to revenue generated by the leased properties. The lease payments for these property leases comprises of:

	Group	
	2018	2017
	RM'000	RM'000
Fixed lease payment	**39,665**	36,961
Variable lease payment	**18,095**	15,906
	57,760	52,867

Variable lease payment is expected to continue to present a similar proportion of total lease payment in the foreseeable future years.

The lease payments associated with short-term leases or leases of low value assets are expensed on a straight-line basis over the lease term. No right-of-use assets and lease obligations are recognised for these leases.

Total cash outflows for leases of the Group and the Company during the current financial year including fixed, variable, short-term and low value asset lease payments amounted to RM62.2 million (2017: RM57.5 million) and RM1.4 million (2017: RM1.4 million) respectively.

The Group and Company as a Lessor:

Operating leases

Investment properties are leased out typically for 1 to 3 years.

Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
- within one year	**25,177**	25,316	**22,554**	24,221
- more than one year but less than five years	**19,781**	21,876	**17,158**	19,898
	44,958	47,192	**39,712**	44,119

11. BIOLOGICAL ASSETS

(a) Bearer Plants

(included under non-current assets)

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
Carrying amount	**3,804**	3,616	4,115

(b) Livestock

(included under current assets)

	Group	
	2018	2017
	RM'000	RM'000
		(Restated)
At 1 January	**18,716**	20,714
Changes in fair value	**1,975**	(1,550)
Purchases	**5,420**	6,179
Disposals	**(4,131)**	(6,627)
At 31 December	**21,980**	18,716

During the financial year, the Group produced approximately 35.5 million (2017: 39.8 million) day-old-chicks and 215.6 million (2017: 191.4 million) table eggs.

As at 31 December 2018, the quantities of poultry and hatchable eggs were 1.4 million birds and 3.8 million eggs (2017: 1.5 million and 3.9 million, 1 January 2017: 1.5 million and 3.2 million) respectively.

Fair value of livestock

Fair value of the livestock is determined by using the discounted cash flow model based on the Group's assessment of the average age and market values of livestock.

The fair value measurements of biological assets are categorised at Level 3 of the fair value hierarchy.

12. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
Cost				
At 1 January 2018	**67,756**	**263**	**34,016**	**102,035**
Additions	**-**	**-**	**593**	**593**
Reversal	**-**	**-**	**(636)**	**(636)**
Impairment	**(467)**	**-**	**-**	**(467)**
At 31 December 2018	**67,289**	**263**	**33,973**	**101,525**
At 1 January 2017	67,756	263	33,667	101,686
Additions	-	-	349	349
At 31 December 2017	67,756	263	34,016	102,035

13. GOODWILL

	Group	
	2018 RM'000	2017 RM'000
Cost		
At 1 January / 31 December	**73,704**	73,704

Impairment testing of goodwill

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

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Film exhibition and distribution	**70,233**	70,233	70,233
Environmental engineering and utilities	**2,427**	2,427	2,427
Chemicals trading and manufacturing	**290**	290	290
Other operations	**754**	754	754
	73,704	73,704	73,704

13. GOODWILL (CONTINUED)

Film exhibition and distribution

The recoverable amount of the CGU of film exhibition and distribution is determined by value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. Cash flows beyond that five-year period have been extrapolated using a weighted average growth rate of 13.81% (2017: 13.70%; 1 January 2017: 10.00%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 13.51% (2017: 10.93%; 1 January 2017: 11.23%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

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

	Film rights RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
At 1 January 2018	**123,865**	**17,585**	**141,450**
Additions	**14,482**	**2,228**	**16,710**
Write-offs	**-**	**(530)**	**(530)**
Transfer to assets classified as held for sale	**-**	**(246)**	**(246)**
Rights expired	**(16,259)**	**-**	**(16,259)**
Exchange differences	**-**	**1**	**1**
At 31 December 2018	**122,088**	**19,038**	**141,126**
Accumulated amortisation			
At 1 January 2018	**109,355**	**14,526**	**123,881**
Charge for the year	**20,427**	**1,555**	**21,982**
Write-offs	**-**	**(530)**	**(530)**
Transfer to assets classified as held for sale	**-**	**(238)**	**(238)**
Rights expired	**(16,259)**	**-**	**(16,259)**
Exchange differences	**-**	**(1)**	**(1)**
At 31 December 2018	**113,523**	**15,312**	**128,835**

14. OTHER INTANGIBLE ASSETS (CONTINUED)

	Film rights RM'000	Computer software RM'000	Total RM'000
Group			
Carrying amount as at 31 December 2018	**8,565**	**3,726**	**12,291**
Intangible asset classified as non-current asset	**8,515**	**3,726**	**12,241**
Intangible asset classified as current asset	**50**	**-**	**50**
	8,565	**3,726**	**12,291**
Cost			
At 1 January 2017	106,341	16,328	122,669
Additions	24,908	1,160	26,068
Write-offs	-	(24)	(24)
Transfer from property, plant and equipment	-	163	163
Rights expired	(7,384)	-	(7,384)
Exchange differences	-	(42)	(42)
At 31 December 2017	123,865	17,585	141,450
Accumulated amortisation			
At 1 January 2017	91,489	13,097	104,586
Charge for the year	25,248	1,488	26,736
Write-offs	-	(24)	(24)
Rights expired	(7,382)	-	(7,382)
Exchange differences	-	(35)	(35)
At 31 December 2017	109,355	14,526	123,881
Carrying amount as at 31 December 2017	14,510	3,059	17,569
Intangible asset classified as non-current asset	14,417	3,059	17,476
Intangible asset classified as current asset	93	-	93
	14,510	3,059	17,569

15. INVESTMENT IN SUBSIDIARIES

	Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Unquoted shares at cost	**1,491,376**	1,491,376	1,496,753
Impairment loss on unquoted shares at cost	**(1,124)**	(1,124)	(1,339)
	1,490,252	1,490,252	1,495,414

Details of the subsidiaries are set out in note 42.

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

16. INVESTMENT IN ASSOCIATES

	Group			Company		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000	1 Jan 2017 RM'000
Quoted shares at cost	**8,080,369**	8,080,369	8,080,369	**8,684,629**	8,684,629	8,684,629
Unquoted shares at cost	**608,597**	507,627	478,552	**156,745**	97,683	97,683
	8,688,966	8,587,996	8,558,921	**8,841,374**	8,782,312	8,782,312
Impairment loss on unquoted shares	**(1,709)**	(1,709)	(1,709)	**(25)**	(25)	(25)
Group's share of post-acquisition reserves	**8,864,347**	8,445,746	8,845,359	**-**	-	-
	17,551,604	17,032,033	17,402,571	**8,841,349**	8,782,287	8,782,287
Market value of quoted shares	**11,105,553**	10,976,304	13,059,712	**11,105,553**	10,976,304	13,059,712

The Group's share of the current year's losses and accumulated losses of associates amounted to RM562,000 and RM2,693,000 (2017: RM412,000 and RM2,129,000; 1 January 2017: RM406,000 and RM1,717,000) respectively have not been recognised in the Group's income statement as equity accounting had ceased when the Group's share of losses of these associates exceeded the carrying amount of its investment in these associates.

16. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associate as at 31 December is as follows:

Wilmar International Ltd

	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Non-current assets	**80,237,234**	74,562,618	78,904,069
Current assets	**108,694,796**	91,390,109	87,149,329
Non-current liabilities	**(25,219,752)**	(17,243,746)	(22,107,532)
Current liabilities	**(94,365,735)**	(79,683,655)	(74,986,587)
Net assets	**69,346,543**	69,025,326	68,959,279

	2018 RM'000	2017 RM'000 (Restated)
Revenue	**179,485,947**	186,435,395
Profit for the year	**4,938,058**	5,772,522
Other comprehensive (loss)/income	**(2,757,324)**	2,881,098
Total comprehensive income	**2,180,734**	8,653,620

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

	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Net assets	**69,346,543**	69,025,326	68,959,279
Proportion of ownership interest held by the Group	**18.5%**	18.5%	18.6%
Group's share of net assets	**12,849,914**	12,797,295	12,798,842
Goodwill	**4,250,053**	4,159,146	4,607,517
Other adjustments			
- Non-controlling interests' share of associate's net assets	**(550,082)**	(766,545)	(785,984)
- Others	**(44,195)**	(35,192)	(29,662)
Carrying amount of the Group's interest in the associate	**16,505,690**	16,154,704	16,590,713

The Group has received dividends from Wilmar International Ltd in the current financial year amounted to RM366.6 million (2017: RM258.2 million).

16. INVESTMENT IN ASSOCIATES (CONTINUED)

As at 31 December 2018, the market value of shares in Wilmar International Ltd held by the Company was below its carrying amount. Accordingly, the Company had undertaken an impairment test on the carrying amount of the investment in the associate.

The recoverable amount of the investment in the associate was determined by a value in use calculation, by applying a discounted cash flow model, using cash flow projections covering a ten-year period as approved by management. The cash flows for that ten-year period have been estimated using a steady growth rate with 3.5% (2017: 3.5%) terminal growth rate. A discount rate of 4.9% (2017: 4.1%) was applied to the cash flow projections.

As the recoverable amount was in excess of the carrying amount, no impairment was required.

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 amount of the associate to materially exceed its recoverable amount.

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

	2018 **RM'000**	2017 RM'000 (Restated)
Profit for the year	**314,484**	334,841
Other comprehensive income/(loss)	**407**	(3,302)
Total comprehensive income	**314,891**	331,539

	2018 **RM'000**	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Carrying amount of the Group's interests in other associates	**1,045,914**	877,329	811,858

Details of the associates are set out in note 43.

17. INVESTMENT IN JOINT VENTURE

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Group's share of post-acquisition reserves	**57,017**	61,595	65,418

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

	2018	2017
	RM'000	RM'000
Profit for the year and total comprehensive income for the year	**3,704**	3,689

Details of the joint venture are set out in note 44.

18. OTHER INVESTMENTS

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
Equity instruments designated at FVTOCI						
Quoted shares	**533,642**	721,794	439,929	**508,256**	686,012	418,780
Unquoted shares	**427**	427	427	**266**	266	266
	534,069	722,221	440,356	**508,522**	686,278	419,046

19. DEFERRED TAX ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
At 1 January	**2,269**	2,500	**37**	39
Exchange translation differences	**47**	(47)	**-**	-
Originating/(Reversal) during the year	**1,736**	(184)	**(13)**	(2)
At 31 December	**4,052**	2,269	**24**	37

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.

19. DEFERRED TAX ASSETS (CONTINUED)

The deferred tax assets are attributable to:

	Group			Company		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Unabsorbed tax losses and capital allowances	**7,975**	9,705	9,277	**24**	37	39
Property, plant and equipment	**(3,923)**	(7,436)	(6,777)	**-**	-	-
	4,052	2,269	2,500	**24**	37	39

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

	Group			Company		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Unabsorbed tax losses and capital allowances*	**116,310**	81,236	109,241	**10,900**	10,681	9,913
Property, plant and equipment	**(4,544)**	(2,256)	(27,035)	**-**	-	-
	111,766	78,980	82,206	**10,900**	10,681	9,913

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

	Group			Company		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
- With no expiry	**9,753**	45,645	93,233	**1,136**	10,681	9,913
- Less than a year	**1,786**	327	53	**-**	-	-
- Within 1 to 5 years	**47,315**	35,264	15,955	**-**	-	-
- More than 5 years	**57,456**	-	-	**9,764**	-	-
	116,310	81,236	109,241	**10,900**	10,681	9,913

20. INVENTORIES

	Group		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Raw materials	**732,001**	682,301	489,075
Work-in-progress	**263**	360	1,215
Finished goods	**120,328**	98,163	93,154
Completed properties	**8,966**	8,877	13,295
Consumables	**30,465**	25,868	23,725
	892,023	815,569	620,464

	2018 RM'000	2017 RM'000
Recognised in income statement:		
Inventories recognised in cost of sales	**3,329,850**	3,210,080

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000 (Restated)
At 1 January	**6,294**	-
Additions	**12,676**	4,890
Cost recognised in income statement during the year	**(5,180)**	-
Transfer from investment properties	**-**	1,404
At 31 December	**13,790**	6,294

22. CONTRACT ASSETS/LIABILITIES

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
(a) Contract assets			
Construction contracts	**22,827**	34,853	29,563
(b) Contract liabilities			
Construction contracts	**113**	472	-
Consideration received in advance	**8,922**	15,905	8,601
Other contract related liabilities:			
- Refund liabilities and expected rebate	**13,904**	13,643	12,932
	22,939	30,020	21,533

Revenue relating to construction contract is recognised over time, while the customers pay according to contractual milestones which give rise to the timing differences that are recognised as contract assets or contract liabilities.

23. TRADE AND OTHER RECEIVABLES

		Group			Company		
		2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
		RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
			(Restated)	(Restated)		(Restated)	(Restated)
Receivables from contract with customers							
- third parties		**647,712**	617,269	563,765	**-**	-	-
- associates		**13,217**	18,027	18,266	**-**	-	-
		660,929	635,296	582,031	**-**	-	-
Other trade receivables							
- third parties		**1,780**	1,998	2,414	**347**	665	511
Allowance for doubtful debts		**(8,661)**	(9,307)	(9,851)	**(4)**	(4)	-
Total trade receivables	(a)	**654,048**	627,987	574,594	**343**	661	511
Other receivables	(b)	**85,676**	107,641	105,294	**2,921**	2,949	3,054
Amount due from subsidiaries	(c)	**-**	-	-	**13,515**	12,557	4,429
Amount due from associates	(d)	**30,785**	162,960	244,978	**3**	1	3
Total trade and other receivables		**770,509**	898,588	924,866	**16,782**	16,168	7,997

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The balances are subject to normal credit terms of the Group and the Company.

Included in trade receivables is retention sum of RM13.2 million (2017: RM11.1 million, 1 Jan 2017: RM13.7 million) relating to construction contracts.

(b) Other receivables

	Group			Company		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000	1 Jan 2017 RM'000
Sundry receivables	**47,964**	70,935	69,979	**2,237**	2,260	2,102
Allowance for doubtful debts	**(333)**	(261)	(508)	**(334)**	(261)	(261)
	47,631	70,674	69,471	**1,903**	1,999	1,841
Interest receivables	**372**	298	612	**126**	190	567
Deposits	**26,864**	28,139	28,339	**644**	543	403
Prepayments	**10,809**	8,530	6,872	**248**	217	243
	85,676	107,641	105,294	**2,921**	2,949	3,054

(c) Amount due from subsidiaries

The amount due from subsidiaries are interest-free, unsecured and repayable on demand.

(d) Amount due from associates

The amount due from associates are unsecured and are analysed as follows:

	Group			Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	**2018 RM'000**	2017 RM'000	1 Jan 2017 RM'000
Interest bearing ranging from 2.37% to 2.50% (2017: 0.85% to 3.43%) p.a.	**37,055**	167,071	183,199	**-**	-	-
Non-interest bearing	**2,461**	4,620	70,510	**3**	1	3
	39,516	171,691	253,709	**3**	1	3
Allowance for doubtful debts	**(8,731)**	(8,731)	(8,731)	**-**	-	-
	30,785	162,960	244,978	**3**	1	3

The non-trade balances can be recalled on demand.

<u>Amount due from an associate included under non-current assets</u>

The amount due from an associate is unsecured, interest bearing and has no fixed repayment period.

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Notional value RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
Group			
2018			
Forward contracts	**80,502**	**6**	**(413)**
Futures and options contracts	**49,275**	**492**	**(57)**
		498	**(470)**
2017			
Forward contracts	14,394	6	(110)
Futures and options contracts	40,497	11	(227)
		17	(337)
1 January 2017			
Forward contracts	24,778	69	(55)
Futures and options contracts	197,030	3,207	(5,166)
		3,276	(5,221)

25. CASH AND CASH EQUIVALENTS

		Group			Company		
		2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	**2018 RM'000**	2017 RM'000	1 Jan 2017 RM'000
Deposits		**281,455**	240,511	305,831	**27,700**	84,880	132,290
Short-term fund placements	(a)	**915,949**	817,497	666,959	**675,489**	637,879	519,657
Cash and bank balances	(b)	**193,760**	281,135	205,471	**2,309**	2,947	4,113
		1,391,164	1,339,143	1,178,261	**705,498**	725,706	656,060

(a) Short-term fund placements

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

(b) Cash and bank balances

Cash and bank balances of the Group include an amount of RM30.1 million (2017: RM32.4 million; 1 January 2017: RM63.4 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.

26. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

		Group		
		2018	2017	1 Jan 2017
		RM'000	RM'000	RM'000
Disposal group held for sale	(i)			
- Property, plant and equipment		**-**	6,349	-
- Other assets		**-**	2,852	-
		-	9,201	-
Other assets held for sale				
- Freehold land and building, plant and equipment	(ii)	**5,350**	-	-
- Leasehold land and building	(iii)	**-**	962	23,759
		5,350	10,163	23,759
Liabilities associated with assets held for sale	(i)	**547**	1,485	-

The non-current assets held for sale include the following:

(i) On 20 September 2017, Tego Sdn Bhd, an indirect subsidiary of the Company, had entered into an agreement to dispose of its entire equity interest in Tefel Packaging Industries Co Ltd for a cash consideration of USD2.4 million (equivalent to RM9.6 million). The disposal was completed on 21 June 2018.

(ii) Management expects the disposals to be completed within 12 months from the financial year end.

(iii) Leasehold land and building of the Group as at 1 January 2017 were disposed to an associate for a consideration of RM35.25 million pursuant to a sales and purchase agreement dated 4 October 2016. The disposal was completed on 27 February 2017.

27. SHARE CAPITAL

	2018		2017	
	Number of shares '000	**RM'000**	Number of shares '000	RM'000
Issued and fully paid ordinary shares:				
At 1 January	**1,185,500**	**1,192,215**	1,185,500	1,185,500
Transfer from share premium pursuant to the Companies Act 2016	**-**	**-**	-	6,715
Issuance of bonus shares	**237,099**	**237,099**	-	-
At 31 December	**1,422,599**	**1,429,314**	1,185,500	1,192,215

During the financial year, the Company undertook a bonus issue of 237,099,057 new ordinary shares in the Company on the basis of one new ordinary share for every five existing ordinary shares in the Company. The new shares were issued on 26 July 2018.

28. OTHER NON-DISTRIBUTABLE RESERVES

	Group		
	2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Exchange translation reserve	**2,883,511**	2,982,165	4,302,158
Fair value reserve	**68,512**	292,119	9,442
Hedge reserve	**(9,949)**	19,014	(64,634)
Capital reserve	**224,442**	202,977	105,269
	3,166,516	3,496,275	4,352,235

Included in capital reserve is share of capital reserves of associates.

The transfer from retained earnings to capital reserve is attributable to the Group's share of associates' reserves. The associate transferred a specific amount of its net profit to reserve fund in accordance with the applicable local laws of the countries where they operated in.

29. BORROWINGS

		Group			Company		
		2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	**2018 RM'000**	2017 RM'000	1 Jan 2017 RM'000
Non-current							
USD-denominated term loans	(a)	**11,412**	26,057	70,754	**-**	-	-
VND-denominated term loan	(b)	**9,186**	9,918	2,164	**-**	-	-
Hire purchase		**259**	-	-	**259**	-	-
		20,857	35,975	72,918	**259**	-	-
Current							
USD-denominated term loans	(a)	**15,217**	37,728	43,423	**-**	-	-
VND-denominated term loan	(b)	**5,249**	1,803	-	**-**	-	-
Short-term loans	(c)	**366,728**	524,530	306,533	**-**	-	-
Hire purchase		**74**	-	-	**74**	-	-
Bank overdrafts		**453**	480	1,058	**-**	-	-
Banker's acceptance	(c)	**49,000**	149,200	20,000	**-**	-	-
Revolving credits	(c)	**31,347**	31,008	84,072	**-**	-	-
		468,068	744,749	455,086	**74**	-	-
Total borrowings		**488,925**	780,724	528,004	**333**	-	-

29. BORROWINGS (CONTINUED)

(a) As at 31 December 2018, the USD-denominated term loan is secured by a corporate guarantee from a subsidiary and repayable in installments until 2020.

As at 31 December 2017 and 1 January 2017, the USD-denominated term loan of RM22.8 million and RM52.3 million respectively was secured over property, plant and equipment. The term loan has been fully settled in 2018.

(b) The VND-denominated term loan is secured by a corporate guarantee from a subsidiary and is repayable by 2021.

(c) The borrowings are unsecured.

The interest rates for the borrowings are as follows:

	2018	2017
	% p.a.	% p.a.
USD-denominated term loans	**4.41**	3.35 - 3.94
VND-denominated term loan	**6.90**	6.90
Banker's acceptance	**3.78**	3.32 - 3.58
Revolving credits	**3.65 - 4.81**	2.61 - 4.56
Short-term loans	**2.72 - 9.00**	1.77 - 9.25

The changes in borrowings are as follows:

	Group		**Company**	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Balance as at 1 January	**780,244**	526,946	**-**	-
Net drawdown/(repayment) of debts	**(291,384)**	300,293	**333**	-
Exchange differences	**(388)**	(46,995)	**-**	-
Balance as at 31 December	**488,472**	780,244	**333**	-

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
At 1 January	**81,916**	89,310	**555**	595
Originating/(Reversal) during the year	**4,992**	(7,323)	**(300)**	(40)
Exchange translation differences	**(55)**	(71)	**-**	-
Transfer to liabilities associated with assets classified as held for sale	**(393)**	-	**-**	-
At 31 December	**86,460**	81,916	**255**	555

The deferred tax liabilities are attributable to:

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
		(Restated)	(Restated)		(Restated)	(Restated)
Property, plant and equipment	**93,530**	86,280	72,401	**255**	555	595
Revaluation of assets	**7,661**	8,572	8,910	**-**	-	-
Unabsorbed tax losses and capital allowances	**(18,518)**	(10,755)	(458)	**-**	-	-
Withholding tax on undistributed profits of foreign associates	**26,732**	20,952	17,217	**-**	-	-
Other temporary differences	**(22,945)**	(23,133)	(8,760)	**-**	-	-
	86,460	81,916	89,310	**255**	555	595

31. TRADE AND OTHER PAYABLES

		Group			Company		
		2018 RM'000	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)	1 Jan 2017 RM'000 (Restated)
Trade payables	(a)						
- third parties		**428,003**	211,335	201,025	**1,399**	369	591
- associates		**17,817**	18,601	26,535	**-**	-	-
		445,820	229,936	227,560	**1,399**	369	591
Unpaid property, plant and equipment		**23,536**	39,775	21,655	**-**	-	-
Interest accrued		**1,039**	828	503	**-**	-	-
Other payables		**67,547**	49,769	29,917	**369**	596	658
Accruals		**80,092**	77,301	74,016	**8,571**	5,704	4,215
Tenants and other deposits		**12,327**	14,007	11,005	**8,633**	8,834	8,129
Amount due to subsidiaries	(b)	**-**	-	-	**-**	1	5,104
Amount due to associates	(c)	**867**	311	58	**867**	311	-
		631,228	411,927	364,714	**19,839**	15,815	18,697

(a) Trade payables
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.

(b) Amount due to subsidiaries
The amount due to subsidiaries are interest-free, unsecured and repayable on demand.

(c) Amount due to associates
The amount due to associates are interest-free, unsecured and repayable on demand.

32. CHANGES IN EQUITY INTEREST IN AN ASSOCIATE

The effect of changes in equity interest in an associate arose mainly from transfer of treasury shares under a share option scheme.

33. DIVIDENDS

	Group/Company	
	2018	2017
	RM'000	RM'000
Final dividend of 22 sen per share for financial year ended 31 December 2017 (2017: 17 sen per share for financial year ended 31 December 2016)	**260,810**	201,535
Interim dividend of 8 sen per share for the financial year ended 31 December 2018 (2017: 8 sen per share for financial year ended 31 December 2017)	**113,808**	94,840
	374,618	296,375

Subsequent to the financial year end, the Directors recommended the payment of a final dividend of 20 sen per share amounting to RM284.5 million subject to shareholders' approval at the forthcoming Annual General Meeting.

34. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Transactions with subsidiaries				
Rental income	**-**	-	**1,598**	1,598
Transactions with associates				
Interest income	**3,237**	3,530	**380**	295
Purchase of goods	**32,265**	34,077	**-**	-
Sales of goods	**1,542**	1,104	**-**	-
Sale of property, plant and equipment	**-**	35,245	**-**	-
Film rental income	**2,422**	2,634	**-**	-

34. RELATED PARTY DISCLOSURES (CONTINUED)

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

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Transactions with a subsidiary of the ultimate holding company				
Sales of goods	**10,423**	13,920	**-**	-
Transactions with subsidiaries of associates				
Purchase of goods	**191,553**	226,654	**-**	-
Sales of goods	**61,760**	70,301	**-**	-
Rental income	**3,102**	3,577	**-**	-
Security and other services expense	**6,868**	17,547	**-**	-
Charter hire of vessels	**51,902**	85,312	**-**	-
Supervision fees income	**4,520**	1,884	**-**	-
Marketing fees income	**2,470**	2,680	**-**	-
Project management fees income	**1,156**	224	**-**	-

(b) Key management personnel compensation

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Directors				
Short-term employee benefits	**6,540**	6,168	**4,039**	3,651
Post-employment benefits	**612**	561	**465**	413
Sub-total	**7,152**	6,729	**4,504**	4,064
Other key management personnel				
Short-term employee benefits	**10,804**	11,677	**3,408**	3,460
Post-employment benefits	**1,605**	1,570	**539**	545
Sub-total	**12,409**	13,247	**3,947**	4,005
Total compensation	**19,561**	19,976	**8,451**	8,069

35. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Employee benefits expense	**346,303**	341,254	**22,572**	22,433
Post-employment benefits	**29,742**	31,307	**2,270**	2,668

36. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Capital commitments				
Property, plant and equipment, biological assets and investment properties				
- contracted	**38,535**	39,410	**1,432**	8,306
- not contracted	**474,676**	431,249	**2,782**	2,139
	513,211	470,659	**4,214**	10,445
Other commitments				
- contracted	**317,312**	148,083	**20,000**	-
Total commitments	**830,523**	618,742	**24,214**	10,445

37. SEGMENTAL REPORTING

The Group's operating and reportable segments (excluding associates and joint venture) are business units engaged in providing different products and services and operating in different geographical locations.

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2017: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

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

(b) Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties, intangible assets, biological assets and right-of-use assets.

37. SEGMENTAL REPORTING (CONTINUED)

2018	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	2,992,121	637,721	538,352
Inter-segment sales	156,340	2,846	-
Total revenue	3,148,461	640,567	538,352
RESULTS			
Segment results	125,952	15,177	63,394
Share of associates' profits	72,088	(7,267)	1,340
Share of joint venture's profit	-	-	-
Interest income			
Income from short-term fund placements			
Finance costs			
Unallocated corporate expense			
Profit before tax			
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,288,227	444,312	553,248
Investment in associates	509,269	27,041	187,978
Investment in joint venture	-	-	-
Bank deposits and short-term fund placements			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	326,835	68,792	406,776
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	47,422	12,553	63,122
Unallocated corporate capital expenditure			
Amortisation and depreciation	64,313	14,371	90,644
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	(14,769)	1,149	1,627

	Environmental engineering & utilities RM'000	Property RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
	204,589	51,395	10,330	93,752	-	4,528,260
	11	1,823	-	16,342	(177,362)	-
	204,600	53,218	10,330	110,094	(177,362)	4,528,260
	14,861	12,251	10,330	4,494	-	246,459
	(116)	16,181	-	837,696	-	919,922
	3,704	-	-	-	-	3,704
						14,689
						31,181
						(23,824)
						(24,448)
						1,167,683
						(64,732)
						1,102,951
	124,153	402,192	534,070	54,398	(449)	4,400,151
	47,821	269,838	-	16,509,657	-	17,551,604
	57,017	-	-	-	-	57,017
						1,197,404
						24,951
						13,536
						23,244,663
	53,903	41,629	-	15,719	(449)	913,205
						488,925
						98,610
						7,052
						1,507,792
	16,940	31,956	-	8,443	-	180,436
						1,115
						181,551
	1,540	5,551	-	3,640	-	180,059
						1,479
						181,538
	(194)	(439)	-	(688)	-	(13,314)

37. SEGMENTAL REPORTING (CONTINUED)

2017 (Restated)	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	2,847,639	670,620	481,301
Inter-segment sales	158,084	2,121	-
Total revenue	3,005,723	672,741	481,301
RESULTS			
Segment results	134,265	30,154	54,035
Share of associates' profits	67,310	(2,714)	7,188
Share of joint venture's profit	-	-	-
Interest income			
Income from short-term fund placements			
Finance costs			
Unallocated corporate expense			
Profit before tax			
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,457,457	450,139	571,998
Investment in associates	435,569	27,405	165,159
Investment in joint venture	-	-	-
Bank deposits and short-term fund placements			
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	140,971	64,614	394,454
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	94,688	15,429	116,152
Unallocated corporate capital expenditure			
Amortisation and depreciation	61,105	15,837	93,555
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	30,930	(7,310)	(5,781)

	Environmental engineering & utilities RM'000	Property RM'000	Investments in equities RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
	130,076	46,054	8,670	99,934	-	4,284,294
	11	2,001	-	30,690	(192,907)	-
	130,087	48,055	8,670	130,624	(192,907)	4,284,294
	6,387	5,696	8,670	763	-	239,970
	6,310	6,556	-	947,378	-	1,032,028
	3,689	-	-	-	-	3,689
						16,557
						25,307
						(25,815)
						(21,137)
						1,270,599
						(54,093)
						1,216,506
	105,429	350,568	722,221	94,758	(260)	4,752,310
	50,272	193,322	-	16,160,306	-	17,032,033
	61,595	-	-	-	-	61,595
						1,058,008
						20,355
						14,789
						22,939,090
	57,448	33,548	-	18,385	(260)	709,160
						780,724
						88,023
						5,228
						1,583,135
	2,091	20,379	-	4,257	-	252,996
						825
						253,821
	1,995	5,951	-	2,695	-	181,138
						1,216
						182,354
	69	68	-	1,545	-	19,521

37. SEGMENTAL REPORTING (CONTINUED)

(b) By geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Non-current assets are disclosed based on the geographical locations of the assets, and does not include investments in associates and joint venture, other investments and deferred tax assets.

	Revenue		**Carrying amount of non-current assets**	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Malaysia	**3,342,623**	3,176,147	**1,619,731**	1,623,915
Indonesia	**638,052**	575,861	**180,539**	193,493
Singapore	**47,203**	48,189	**445**	696
Other ASEAN countries	**461,573**	439,155	**158,116**	161,346
Other Asian countries	**12,776**	19,214	**-**	-
Others	**26,033**	25,728	**-**	-
	4,528,260	4,284,294	**1,958,831**	1,979,450

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets	**At amortised cost RM'000**	**At FVTOCI RM'000**	**At FVTPL RM'000**	**Total RM'000**
Group				
2018				
Other investments	**-**	**534,069**	**-**	**534,069**
Receivables	**734,895**	**-**	**-**	**734,895**
Derivative financial assets	**-**	**-**	**498**	**498**
Deposits, cash and bank balances	**475,215**	**-**	**-**	**475,215**
Short-term fund placements	**-**	**-**	**915,949**	**915,949**
Total financial assets	**1,210,110**	**534,069**	**916,447**	**2,660,626**

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial assets	At amortised cost RM'000	At FVTOCI RM'000	At FVTPL RM'000	Total RM'000
Group				
2017				
Other investments	-	722,221	-	722,221
Receivables	859,104	-	-	859,104
Derivative financial assets	-	-	17	17
Deposits, cash and bank balances	521,646	-	-	521,646
Short-term fund placements	-	-	817,497	817,497
Total financial assets	1,380,750	722,221	817,514	2,920,485
1 Jan 2017				
Other investments	-	440,356	-	440,356
Receivables	890,665	-	-	890,665
Derivative financial assets	-	-	3,276	3,276
Deposits, cash and bank balances	511,302	-	-	511,302
Short-term fund placements	-	-	666,959	666,959
Total financial assets	1,401,967	440,356	670,235	2,512,558
Company				
2018				
Other investments	**-**	**508,522**	**-**	**508,522**
Receivables	**16,360**	**-**	**-**	**16,360**
Deposits, cash and bank balances	**30,009**	**-**	**-**	**30,009**
Short-term fund placements	**-**	**-**	**675,489**	**675,489**
Total financial assets	**46,369**	**508,522**	**675,489**	**1,230,380**
2017				
Other investments	-	686,278	-	686,278
Receivables	15,929	-	-	15,929
Deposits, cash and bank balances	87,827	-	-	87,827
Short-term fund placements	-	-	637,879	637,879
Total financial assets	103,756	686,278	637,879	1,427,913

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial assets	At amortised cost RM'000	At FVTOCI RM'000	At FVTPL RM'000	Total RM'000
Company				
1 Jan 2017				
Other investments	-	419,046	-	419,046
Receivables	7,753	-	-	7,753
Deposits, cash and bank balances	136,403	-	-	136,403
Short-term fund placements	-	-	519,657	519,657
Total financial assets	144,156	419,046	519,657	1,082,859

Financial liabilities	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
Group			
2018			
Payables	**612,132**	**-**	**612,132**
Borrowings	**488,925**	**-**	**488,925**
Lease obligations	**265,073**	**-**	**265,073**
Derivative financial liabilities	**-**	**470**	**470**
Total financial liabilities	**1,366,130**	**470**	**1,366,600**
2017			
Payables	397,050	-	397,050
Borrowings	780,724	-	780,724
Lease obligations	270,619	-	270,619
Derivative financial liabilities	-	337	337
Total financial liabilities	1,448,393	337	1,448,730

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial liabilities	**At amortised cost RM'000**	**At FVTPL RM'000**	**Total RM'000**
1 Jan 2017			
Payables	351,837	-	351,837
Borrowings	528,004	-	528,004
Lease obligations	272,404	-	272,404
Derivative financial liabilities	-	5,221	5,221
Total financial liabilities	1,152,245	5,221	1,157,466
Company			
2018			
Payables	**19,839**	**-**	**19,839**
Lease obligations	**1,255**	**-**	**1,255**
Borrowings	**333**	**-**	**333**
Total financial liabilities	**21,427**	**-**	**21,427**
2017			
Payables	15,762	-	15,762
Lease obligations	2,556	-	2,556
Total financial liabilities	18,318	-	18,318
1 Jan 2017			
Payables	18,613	-	18,613
Lease obligations	3,607	-	3,607
Total financial liabilities	22,220	-	22,220

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

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

(i) Other investments

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

Fair value of unquoted equity investments are measured using generally acceptable valuation techniques.

(ii) Derivatives

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

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

(iii) Short-term fund

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

(iv) 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.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

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

Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2018				
Other investments	**533,642**	**-**	**427**	**534,069**
Short-term fund placements	**-**	**915,949**	**-**	**915,949**
Derivative financial assets	**-**	**498**	**-**	**498**
	533,642	**916,447**	**427**	**1,450,516**
2017				
Other investments	721,794	-	427	722,221
Short-term fund placements	-	817,497	-	817,497
Derivative financial assets	-	17	-	17
	721,794	817,514	427	1,539,735
1 Jan 2017				
Other investments	439,929	-	427	440,356
Short-term fund placements	-	666,959	-	666,959
Derivative financial assets	-	3,276	-	3,276
	439,929	670,235	427	1,110,591
Company				
2018				
Other investments	**508,256**	**-**	**266**	**508,522**
Short-term fund placements	**-**	**675,489**	**-**	**675,489**
	508,256	**675,489**	**266**	**1,184,011**
2017				
Other investments	686,012	-	266	686,278
Short-term fund placements	-	637,879	-	637,879
	686,012	637,879	266	1,324,157
1 Jan 2017				
Other investments	418,780	-	266	419,046
Short-term fund placements	-	519,657	-	519,657
	418,780	519,657	266	938,703

The fair values of the Group's derivative financial liabilities are categorised as Level 2 in the fair value hierarchy.

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

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

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

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

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

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

(a) Foreign currency exchange risk

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

The carrying amounts of material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Assets			
- United States Dollar ("USD")	**98,154**	140,406	122,250
- Chinese Renminbi ("RMB")	**104,647**	224,564	228,473
Liabilities			
- USD	**387,111**	430,955	281,544
- RMB	**1,681**	503	701

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

A sensitivity analysis has been performed on changes in exchange rate of foreign currencies against RM for outstanding foreign currency denominated monetary items. Management has considered the recent volatility in exchange rates and has concluded that a 5% movement in exchange rates is a reasonably possible assumption. If the following foreign currencies appreciate against RM with all other variables held constant, the Group's profit before tax would increase/(decrease) as follows:

	Group	
	2018	2017
	RM'000	RM'000
USD	**(14,448)**	(14,527)
RMB	**5,148**	11,203

As other foreign currency denominated monetary items as at 31 December 2018 and 31 December 2017 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 by 5% against RM with all other variables held constant, the Group's equity would increase by RM609.2 million (2017: RM591.1 million).

The sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that the fair value of the financial instrument or future cash flows will fluctuate as a result of changes in market interest rates.

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

(c) Price risk

The Group is exposed to price risk arising mainly from fluctuations in the prices of commodities which are key raw materials within the grains and agribusiness segment. 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk

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

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

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

An impairment analysis is performed at each reporting date to measure the ECL. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables

Management applied a simplified approach (i.e. lifetime ECL) in measuring the loss allowance for trade receivables, lease receivables and contract assets. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

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 RM56.1 million (2017: RM51.8 million, 1 January 2017: RM41.7 million) as at the end of the reporting period. The credit risk associated with trade receivables from this customer is mitigated by immoveable property charged to a subsidiary and personal guarantee pledged in favour of the subsidiary. The security value of the immoveable property charged approximates the outstanding amount due from the customer at the end of the reporting period.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

The risk profile and aging analysis of trade receivables are as follows:

	Group		Company	
	Gross RM'000	Impairment RM'000	Gross RM'000	Impairment RM'000
2018				
Not past due	**481,264**	**(76)**	**216**	**-**
Less than 30 days past due	**103,500**	**(7)**	**60**	**-**
Between 30 and 90 days past due	**59,584**	**(32)**	**28**	**-**
More than 90 days past due	**11,746**	**(1,931)**	**42**	**(4)**
Credit impaired				
Individually impaired	**6,615**	**(6,615)**	**-**	**-**
	662,709	**(8,661)**	**346**	**(4)**
2017				
Not past due	462,163	-	-	-
Less than 30 days past due	115,218	-	306	-
Between 30 and 90 days past due	38,868	(684)	147	-
More than 90 days past due	13,638	(1,216)	212	(4)
Credit impaired				
Individually impaired	7,407	(7,407)	-	-
	637,294	(9,307)	665	(4)
1 Jan 2017				
Not past due	439,260	-	-	-
Less than 30 days past due	87,602	(22)	283	-
Between 30 and 90 days past due	33,588	(22)	153	-
More than 90 days past due	15,153	(965)	75	-
Credit impaired				
Individually impaired	8,842	(8,842)	-	-
	584,445	(9,851)	511	-

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (continued)

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

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
At 1 January	**9,307**	9,851	**4**	-
Doubtful debts recognised	**1,637**	1,378	**-**	4
Doubtful debts written off	**(1,719)**	(725)	**-**	-
Doubtful debts written back	**(575)**	(1,132)	**-**	-
Exchange translation differences	**11**	(65)	**-**	-
At 31 December	**8,661**	9,307	**4**	4

Loans to associates

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

Management assessed the credit risk in respect of loans to associates with reference to the financial capability and probability of default.

Management concluded that the credit risk in respect of loans to associates is considered low.

Cash and cash equivalents

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

(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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk (continued)

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

	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2018				
Payables	**606,764**	**5,368**	**-**	**612,132**
Borrowings	**476,532**	**21,476**	**-**	**498,008**
Derivative financial liabilities	**470**	**-**	**-**	**470**
Lease obligations	**41,553**	**109,441**	**133,661**	**284,655**
	1,125,319	**136,285**	**133,661**	**1,395,265**
2017				
Payables	386,668	10,382	-	397,050
Borrowings	752,447	37,484	-	789,931
Derivative financial liabilities	337	-	-	337
Lease obligations	43,503	126,206	131,946	301,655
	1,182,955	174,072	131,946	1,488,973
1 Jan 2017				
Payables	339,129	12,708	-	351,837
Borrowings	466,129	75,194	-	541,323
Derivative financial liabilities	5,221	-	-	5,221
Lease obligations	40,096	141,883	161,831	343,810
	850,575	229,785	161,831	1,242,191
Company				
2018				
Payables	**19,839**	**-**	**-**	**19,839**
Lease obligations	**1,057**	**224**	**-**	**1,281**
Borrowings	**87**	**277**	**-**	**364**
	20,983	**501**	**-**	**21,484**
2017				
Payables	15,762	-	-	15,762
Lease obligations	1,374	1,281	-	2,655
	17,136	1,281	-	18,417
1 Jan 2017				
Payables	18,613	-	-	18,613
Lease obligations	1,357	2,655	-	4,012
	19,970	2,655	-	22,625

40. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains a strong capital base 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) and total 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 to be distributed to shareholders. No changes were made in the objectives, policies and processes during the current financial year.

Total borrowings to capital ratio was as follows:

	Group		
	2018 **RM'000**	2017 RM'000	1 Jan 2017 RM'000
Share capital	**1,429,314**	1,192,215	1,185,500
Reserves	**19,610,760**	19,487,877	19,499,731
Total capital	**21,040,074**	20,680,092	20,685,231
Short-term borrowings	**468,068**	744,749	455,086
Long-term borrowings	**20,857**	35,975	72,918
Total borrowings	**488,925**	780,724	528,004
Total borrowings to capital ratio (times)	**0.02**	0.04	0.03

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 28 March 2019.

42. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
FFM Berhad	**80.0**	80.0	Malaysia	Investment holding, grains trading, flour milling and feed milling
Johor Bahru Flour Mill Sdn Bhd	**100.0**	100.0	Malaysia	Flour milling, manufacturing of animal feed and provision of management services
* FFM (Sabah) Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and trading of animal feed
Lamlewa Feedmill Sdn Bhd	**-**	100.0	Malaysia	Wound up in 2018
* FFM Feedmills (Sarawak) Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and trading of animal feed and its by-products
Mantap Aman Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
* PT Pundi Kencana	**51.0**	51.0	Indonesia	Flour milling
FFM Marketing Sdn Bhd	**100.0**	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
* FFM Flour Mills (Sabah) Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
Taloh Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
* Buxton Ltd	**100.0**	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	**100.0**	100.0	Malaysia	Provision of transportation management services
* Glowland Ltd	**100.0**	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	**100.0**	100.0	Malaysia	Poultry farming and breeding, production of organic fertilisers and owner of oil palm plantation
FFM Pulau Indah Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
* FFM Grains & Mills Sdn Bhd	**100.0**	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM SMI Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding and provision of management services
* Vietnam Flour Mills Ltd	**100.0**	100.0	Socialist Republic of Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	**51.0**	51.0	Socialist Republic of Vietnam	Wheat flour milling and the sale of flour, flour based products and by-products

42. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
Tego Sdn Bhd	**96.4**	79.9	Malaysia	Investment holding
Tego Multifil Sdn Bhd	**100.0**	100.0	Malaysia	Dormant
* Tefel Packaging Industries Co Ltd	**-**	100.0	Union of Myanmar	Disposed in June 2018
* Keen Trade Ltd	**100.0**	100.0	British Virgin Islands	Dormant
The Italian Baker Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and distribution of bakery products and provision of management services
PPB Hartabina Sdn Bhd	**100.0**	100.0	Malaysia	Property development
South Island Mining Company Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding and oil palm cultivation
Seletar Sdn Bhd	**100.0**	100.0	Malaysia	Oil palm cultivation and property development
PPB Property Development Sdn Bhd	**100.0**	100.0	Malaysia	Provision of project and property management, and sales and marketing services
Peakland Property Management Sdn 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**	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	**100.0**	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	**100.0**	100.0	Malaysia	Exhibition of movies and content
Premier Cinemas Sdn Bhd	**100.0**	100.0	Malaysia	Dormant
Cinead Sdn Bhd	**100.0**	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	**100.0**	100.0	Malaysia	Operator of cafés
Easi (M) Sdn Bhd	**60.0**	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	**60.0**	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

42. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
GSC Movies Sdn Bhd	**100.0**	100.0	Malaysia	Distribution of movies and content
Golden Screen International Sdn Bhd	**100.0**	100.0	Malaysia	Dormant
Mediamore Sdn Bhd	**100.0**	100.0	Malaysia	Dormant
GSC Vietnam Ltd	**100.0**	100.0	Malaysia	Investment holding
GSC Cambodia Ltd	**100.0**	100.0	Malaysia	Investment holding
* Golden Screen Cinemas (Cambodia) Co., Ltd	**60.0**	60.0	Kingdom of Cambodia	Dormant
LGSC Cambodia Limited	**100.0**	100.0	Malaysia	Investment holding
PPB Corporate Services Sdn Bhd	**100.0**	100.0	Malaysia	Provision of corporate secretarial, share registration and share nominee services
Hexarich Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
* **Masuma Trading Co Ltd**	**100.0**	100.0	Hong Kong	Investment holding
Chemquest Sdn Bhd	**55.0**	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Products Manufacturing Sdn Bhd	**70.0**	70.0	Malaysia	Manufacture and wholesale of toilet requisites, household and chemical products
CQ Properties Sdn Bhd	**100.0**	100.0	Malaysia	In members' voluntary winding up
CWM Group Sdn Bhd	**100.0**	100.0	Malaysia	Construction works specialising in the water and environmental industry
Dinamik Cemerlang Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Cipta Wawasan Maju Engineering Sdn Bhd	**100.0**	100.0	Malaysia	Builders and contractors for general engineering and construction works
SES Environmental Services Sdn Bhd	**-**	50.1	Malaysia	Liquidated in 2018
Sitamas Environmental Systems Sdn Bhd	**100.0**	100.0	Malaysia	Provision of refuse disposal services
Zegwaard Bumianda Sdn Bhd	**-**	100.0	Malaysia	Liquidated in 2018
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

42. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
Malayan Adhesives And Chemicals Sdn Bhd	**99.6**	99.6	Malaysia	Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding
* Chemquest (Overseas) Ltd	**100.0**	100.0	British Virgin Islands	Investment holding
* PT Healthcare Glovindo	**99.9**	99.9	Indonesia	Dormant
* Kerry Utilities Ltd	**50.0**	50.0	Samoa	Investment holding
* Beijing KVW Wastewater Technology Company Ltd.	**51.0**	51.0	The People's Republic of China	Investment holding
* Beijing CQ Environmental Management Consultancy Services Co Ltd	**100.0**	100.0	The People's Republic of China	Provision of consultancy services

* *Subsidiaries not audited by Mazars PLT*

43. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
Shaw Brothers (M) Sdn Bhd	**34.0**	34.0	Malaysia	Property investment, investment holding and provision of management services, owning and operating a hotel
* Vita Tenggara Fruit Industries Sdn Bhd	**40.0**	40.0	Malaysia	Property development and investment in real properties
Trinity Coral Sdn Bhd	**25.0**	25.0	Malaysia	Investment holding
Huge Quest Realty Sdn Bhd	**40.0**	40.0	Malaysia	Investment holding
* Kerry Flour Mills Ltd	**43.4**	43.4	Thailand	Wheat flour milling and distribution
Berjaya-GSC Sdn Bhd	**50.0**	50.0	Malaysia	Exhibition of movies and content
* Ancom-Chemquest Terminals Sdn Bhd	**25.0**	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse

43. ASSOCIATES (CONTINUED)

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
* 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
* Meizan CLV Corporation	**50.0**	50.0	Socialist Republic of Vietnam	Manufacturing of value added grain food processed from all kinds of grains
*# Wilmar International Ltd ("Wilmar")	**18.5**	18.5	Singapore	Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertiliser, as well as flour and rice milling
FFM Further Processing Sdn Bhd	**30.0**	30.0	Malaysia	Manufacturing and processing of nuggets, sausages and burgers
* PT Tri Persada Mulia	**30.0**	30.0	Indonesia	Dormant
* Kart Food Industries Sdn Bhd	**45.0**	45.0	Malaysia	Manufacturing and trading of food products
* Kart Food Marketing Sdn Bhd	**45.0**	45.0	Malaysia	Dormant
* Yihai (Chongqing) Foodstuffs Co., Ltd	**20.0**	20.0	The People's Republic of China	Pre-operating
* Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling

43. ASSOCIATES (CONTINUED)

Companies	Group's equity interest 2018 %	2017 %	Place of incorporation	Principal activities
* Yihai (Zhoukou) Wheat Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
Summit Bay Sdn Bhd	**-**	35.0	Malaysia	Liquidated in 2018
Raintree Profits Sdn Bhd	**31.5**	31.5	Malaysia	Film production
* Dream Talents Pictures Sdn Bhd	**35.0**	35.0	Malaysia	Film production
* Medan Multimedia Sdn Bhd	**19.0**	19.0	Malaysia	Film production
* Galaxy Studio Joint Stock Company	**40.0**	40.0	Socialist Republic of Vietnam	Exhibition and distribution of movies and content
Vietnam Investment Ltd	**50.0**	-	Malaysia	Investment holding
Hillcrest Gardens Sdn Bhd	**16.8**	-	Malaysia	Real property development, property holding and property management

** Associates not audited by Mazars PLT*

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

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

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

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

44. JOINT VENTURE

The joint venture is as follows:

	Proportion of ownership interest		Place of operation	Principal activities
	2018 **%**	2017 %		
* Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	**42.0**	42.0	The People's Republic of China	Own, operate and maintain a waste water treatment plant

* *Joint venture not audited by Mazars PLT*

45. ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

The Group adopted MFRS on 1 January 2018. The transition date to MFRS is 1 January 2017. The financial statements of the Group and the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with MFRS. Subject to certain transition elections, the Group has applied the accounting policies consistently in the statements of financial position as at 1 January 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Accordingly, comparative figures in these financial statements have been restated to give effect to these changes.

In the preparation of the financial statements for the year ended 31 December 2018, the Group applied all relevant standards, amendments and interpretations that are effective mandatorily on 1 January 2018. The Group applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards upon adoption of MFRS. In general, the principles and requirements of MFRS are applied retrospectively, except for exemptions set out in MFRS 1. The Group has elected the following transitional exemptions:

- Business combination

  The Group has elected not to apply MFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition.

- Deemed cost of assets

  The Group has elected to use the previous revaluation of property, plant and equipment and investment properties as their deemed cost under MFRS on the date of transition.

  The Company has elected to deem the carrying amount of investment in each subsidiary and associate as cost of the respective investment on the date of transition.

The Group also adopted MFRS 16 Leases for the financial year ended 31 December 2018.

45. ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (CONTINUED)

Key changes to accounting policies of the Group upon adoption of MFRS, including MFRS 16, are summarised below:

Financial instruments

MFRS 9 Financial Instruments addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities.

MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. Generally, the classification is determined at initial recognition. The classification depends on the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets. The classification of the financial assets according to MFRS 9 did not have significant impact on the Group. Equity investments previously classified as available-for-sale financial assets are now classified as equity instruments designated at FVTOCI. Management elected irrevocably to designate these investments at FVTOCI in view of the intention to hold these investments for the foreseeable future instead of trading purpose.

For financial liabilities, MFRS 9 retains most of the MFRS 139 requirements which are generally consistent with the accounting policies of the Group in this respect.

MFRS 9 introduced the ECL model on impairment of financial assets, that replaces the incurred loss model applied previously, i.e. a loss event need not occur before an impairment loss is recognised. For trade receivables, lease receivables and contract assets, the Group applied the simplified approach under MFRS 9 where the loss allowances are measured at amounts equal to their lifetime ECL. Upon the adoption of MFRS 9, the Group recognised additional impairment losses on trade receivables as a result of the application of the ECL model.

Revenue recognition

MFRS 15 Revenue from Contracts with Customers introduced a new model for revenue recognition arising from contracts with customers. In general, the Group recognises revenue to depict the transfer of a promised good or service to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good transferred or service rendered. Depending on the terms of the contracts with customers, the Group recognises revenue when a performance obligation is satisfied. A performance obligation may be satisfied at a point in time (typically for transfer of goods to a customer) or over time (typically for rendering of services to a customer). The amount of revenue recognised is the consideration allocated to the satisfied performance obligation. The adoption of MFRS 15 did not have significant impact to the Group.

Biological assets

Prior to the adoption of MFRS 141 Agriculture, produce growing on bearer plants was not recognised and livestock was measured at cost. Upon adoption of MFRS 141 and amendments to MFRS 116, the Group measures biological assets that meet the definition of bearer plants at cost less accumulated depreciation and impairment losses, i.e. immature bearer plants are measured at cost less impairment losses, while matured bearer plants are measured at cost less accumulated depreciation and impairment losses. The Group's bearer plants comprise mainly oil palm plantation. Biological assets other than bearer plants are measured at fair value less costs to sell. Agricultural produce, including produce that grows on the bearer plants, is measured at fair value less costs to sell at the point of harvest. The adoption of MFRS 141 and amendments to MFRS 116 did not have significant impact to the Group.

45. ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (CONTINUED)

Leases

Prior to the adoption of MFRS 16, leases were classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. Generally, lease expenses arising from operating leases were recognised on straight-line basis over the lease terms.

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Upon adoption of MFRS 16, distinctions between finance and operating leases for lessees are no longer applicable. All leases are brought onto the statements of financial position by recognising the corresponding right-of-use assets and lease liabilities, except for some limited exemptions. Generally, lease liabilities are measured at the present value of the future lease payments. Upon initial recognition, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The corresponding finance costs and depreciation are recognised in profit or loss over the lease term. The Group applied the standard retrospectively on 1 January 2017 according to the transitional provisions.

Impact on consolidated income statement for the financial year ended 31 December 2017

	Reported previously RM'000	Effects of adoption of MFRS RM'000	Restated RM'000
Revenue	4,305,051	(20,757)	4,284,294
Cost of sales	(3,754,149)	10,148	(3,744,001)
Distribution costs	(209,450)	20,826	(188,624)
Share of profits less losses of associates	1,052,924	(20,896)	1,032,028
Finance costs	(25,447)	(10,413)	(35,860)
Profit for the year	**1,238,691**	**(22,185)**	**1,216,506**
Attributable to:			
Owners of the parent	1,205,447	(21,858)	1,183,589
Non-controlling interests	33,244	(327)	32,917
	1,238,691	**(22,185)**	**1,216,506**
Earnings per share (sen)	**84.7***	**(1.5)**	**83.2**

* *After adjustment for the effect of the bonus issue undertaken during the financial year ended 31 December 2018.*

45. ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (CONTINUED)

Impact on consolidated statement of comprehensive income for the financial year ended 31 December 2017

	Reported previously RM'000	Effects of adoption of MFRS RM'000	Restated RM'000
Other comprehensive income			
Share of associates' other comprehensive income	497,144	90,713	587,857
Total comprehensive income	**246,270**	**68,837**	**315,107**
Attributable to:			
Owners of the parents	232,145	69,136	301,281
Non-controlling interests	14,125	(299)	13,826
	246,270	**68,837**	**315,107**

Impact on consolidated statement of financial position as at 1 January 2017

	Reported previously RM'000	Effects of adoption of MFRS RM'000	Restated RM'000
Right-of-use assets	-	231,864	231,864
Biological assets	22,781	2,048	24,829
Investment in associates	17,662,449	(259,878)	17,402,571
Deferred tax assets	2,771	(271)	2,500
Trade and other receivables	923,258	7,996	931,254
Total assets	**22,702,710**	**(16,404)**	**22,686,306**
Lease obligations	-	272,404	272,404
Deferred tax liabilities	99,266	(9,956)	89,310
Contract liabilities	1,536	19,997	21,533
Trade and other payables	376,190	(11,476)	364,714
Equity attributable to owners of the parent	20,972,590	(287,359)	20,685,231
Non-controlling interests	695,143	(14)	695,129
Total equity and liabilities	**22,702,710**	**(16,404)**	**22,686,306**

45. ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") (CONTINUED)

Impact on consolidated statement of financial position as at 31 December 2017

	Reported previously RM'000	Effects of adoption of MFRS RM'000	Restated RM'000
Right-of-use assets	-	229,478	229,478
Biological assets	21,813	519	22,332
Investment in associates	17,221,581	(189,548)	17,032,033
Deferred tax assets	2,164	105	2,269
Property development costs	5,360	934	6,294
Trade and other receivables	898,032	7,639	905,671
Total assets	**22,888,126**	**50,964**	**22,939,090**
Lease obligations	-	270,619	270,619
Deferred tax liabilities	91,857	(9,941)	81,916
Contract liabilities	472	29,548	30,020
Trade and other payables	432,929	(21,002)	411,927
Equity attributable to owners of the parent	20,898,040	(217,948)	20,680,092
Non-controlling interests	676,176	(313)	675,863
Total equity and liabilities	**22,888,126**	**50,964**	**22,939,090**

Impact on consolidated statement of cash flows for the financial year ended 31 December 2017

	Reported previously RM'000	Effects of adoption of MFRS RM'000	Restated RM'000
Net cash (used in)/generated from:			
- operating activities	(5,596)	40,803	35,207
- financing activities	(52,077)	(40,803)	(92,880)

APPENDIX TO THE DIRECTORS' REPORT

For the financial year ended 31 December 2018

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The directors of the Company's subsidiaries during the financial year up to the date of the Directors' Report are as follows:

Ahmad Ramza bin Buan Mohamed @ Ramli
Alexander Adi
(Resigned on 1 September 2018)
Alwi Setiawan
Alfred Chin Siu Wa
(Appointed on 15 November 2018)
Aw Yong Gin Chong
Badrul Hisham bin Mohd Salleh
(Resigned on 31 May 2018)
Ballbeer Singh a/l Sarwan Singh
Bings Untono
Chang Hung Chieh
Chan Kok Chee
Cheng Heok Peng
(Resigned on 9 April 2018)
Cheng Kin Ming
Chew Chuen Wei
Chew Hwei Yeow
Chin Kok Wooi
Chin Sui Tung
Darwin Indigo
(Appointed on 1 September 2018)
Datuk Haji Musa @ Ayob bin Saad
Datuk Ong Hung Hock
Dr Cheong Siew Hoo
Dr Liew Pit Kang
Dr Ong Choo Teik
Francis Quah Chuan Hoe @ Quah Chuan Hoe
(Resigned on 1 October 2018)
Gen (R) Tan Sri Dato' Mohd Ghazali bin Dato' Mohd Seth
Hairuddin Halim
Hendri Saksti
(Resigned on 1 September 2018)
Heng Beng Fatt
Ho Hiok Kheng
Ho Shut Kan
(Resigned on 15 November 2018)
Irving Chee Huan Tong
Keren Chen
Khor Mee Kuan
Koh Hong Lian
Koh Mei Lee
Koh Mei Leng
Ku Lai Wa
(Appointed on 25 January 2018)
Kuok Khoon Chen
Kuok Khoon Hong
Lai Fei Siong
(Appointed on 1 April 2018)
Lee Oon Tiong
Leong Yew Weng
Li Hao
(Resigned on 25 January 2018)
Liew Tau Kuek
Lim Soon Huat
Luah Hong Wan
Lum Swee Kuan
(Resigned on 30 June 2018)
Mah Teck Keong
Muhammad Imran Chen bin Abdullah
(Ceased on 21 June 2018)*
Mulyo Setiawan
Nasiet Othsman
Natthi Cholsaipant
(Ceased on 21 June 2018)*
Naziha binti Sheik Othman
(Ceased on 21 September 2018)*
Ng Poh Yee
Ngo Dinh Anh Kiet
Olvy Othsman
Pan Yue
(Appointed on 25 January 2018)
Pang Boon Hong
Pua Seck Guan
Shen Hanzhi
(Resigned on 25 January 2018)
Soh Kian Kiat
Soo Hau Yuh
Syamsinar AR
Tan Kwee Chan
Tan Sri Abdul Razak bin Ramli
Tan Sri Dato Lee Lam Thye
Tay Szu Yun
Teh Lam Chuan
Teoh Hock Seng
Terry Kho Aik Tee
Thing Chee Tiong
Tonny Muksim
(Appointed on 1 September 2018)
Tse Kai Chi
Yap Choi Foong
Yeo Eng Hong
(Ceased on 21 September 2018)*
Yee Wen Chin
(Appointed on 8 April 2018)
Yong Su Keong

* *The company ceased to be subsidiary on this date.*

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, SOH CHIN TECK and DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 94 to 191 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of the financial performance and cash flows for the year ended on that date.

On behalf of the Board

SOH CHIN TECK
Director

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Director

Kuala Lumpur
28 March 2019

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, YAP CHOI FOONG, 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 the Company set out on pages 94 to 191 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.

YAP CHOI FOONG

Subscribed and solemnly declared by the
abovenamed Yap Choi Foong, MIA No. CA 7287,
at Kuala Lumpur in the Federal Territory
on this 28th day of March 2019

Before me,

TAN SEOK KETT
Commisioner for Oaths
Malaysia
No. W530

INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PPB Group Berhad, which comprise the statements of financial position as at 31 December 2018 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Investments in associates

Refer to *Significant Accounting Estimates and Judgements* in note 2.4 and *Investments in Associates* in note 16 to the financial statements.

The risk:

The Group accounted for its investment in associates using equity method. The share of net profits less losses of associates of the Group for the financial year ended 31 December 2018 amounted to RM920 million.

The Group's and the Company's investment in associates as at 31 December 2018 amounted to RM17,552 million and RM8,841 million respectively. Investment in associates are subject to impairment testing if there is any indication of impairment. Impairment testing involves estimation of value in use and/or fair value less cost to sell. The computation of value in use requires management to make an estimation of the expected future cash flows and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

Due to the significance of the Group's share of results of associates, and the involvement of management's judgement and estimation in the impairment testing, these are considered key audit matters.

Our response:

In respect of the Group's share of results of the associates, our audit procedures included, among others, the assessment of control over the Group's process in measuring its share of results of the associates. We tested the Group's share of results of material associates recognised by management. We also assessed the financial statements of those material associates, including our involvement in the audit work of component auditors.

In respect of the Group's and the Company's investment in associates, our audit procedures included, among others, the assessment of control over the Group's and the Company's process in impairment testing of investments in associates. We tested the key assumptions and inputs used in the value in use calculation. We assessed the reasonableness of cash flow projections prepared by management, taking into consideration the historical cash flows of the material associate. We assessed the appropriateness of discount rate applied by management, taking into consideration of internal and external data. We assessed the sensitivity of key inputs to the impairment testing model to evaluate the corresponding effect on the recoverable amount arising from possible changes in the key assumptions.

(b) Goodwill

Refer to *Significant Accounting Estimates and Judgements* in note 2.4 and *Goodwill* in note 13 to the financial statements.

The risk:

As at 31 December 2018, the Group's goodwill stood at RM74 million. The Group is required to test goodwill for impairment annually, which involves comparing each cash-generating unit's value in use with its carrying amount. Estimating the value in use requires management to make an estimation of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Due to the significance of goodwill and the related management's judgement and estimation in impairment testing, this is considered a key audit matter.

Our response:

Our audit procedures included, among others, the assessment of control over the Group's process in testing impairment of goodwill. We tested the key assumptions and variables used in the Group's value in use calculation. We assessed the basis and reasonableness of cash flow projections, including a retrospective review of past cash flow projections. We assessed the appropriateness of discount rate used by management, taking into consideration of internal and external data. We assessed the sensitivity of key inputs to the impairment testing model, to evaluate the corresponding effect on the recoverable amount due to possible changes in the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtain prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 42 to the financial statements.

Other Matters

1. As stated in note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors of the Company to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

LEE SOO ENG
03230/02/2020 J
Chartered Accountant

Kuala Lumpur
28 March 2019

ADDITIONAL COMPLIANCE INFORMATION

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

1. **Audit and non-audit fees**

The audit and non-audit fees paid or payable to the external auditors of PPB by the Group and the Company for the financial year ended ("FYE") 31 December 2018 were as follows :

	Group	Company
Audit fees	RM726,100	RM117,500
Non-audit fees	RM253,743	RM34,200

2. **Material contracts**

There were no material contracts entered into by PPB Group involving the directors' and major shareholders' interests since the end of the previous financial year nor still subsisting at the end of FYE 31 December 2018.

3. **Recurrent related party transactions of a revenue or trading nature ("RRPT")**

The actual values of RRPTs entered into by PPB Group with PGEO Group Sdn Bhd ("PGSB") and Kuok Brothers Sdn Berhad ("KBSB") and/or their connected persons in FYE 31 December 2018 pursuant to the shareholders' mandate obtained at the 49th Annual General Meeting are as follows :

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2018 Actual RM'000	Nature of relationship
Purchase of cooking oil, soyabean, crude palm oil and refined palm products from PGSB Group			
FFM Berhad ("FFM")* Group	PGSB Group	**187,417**	PGSB is a major shareholder of FFM.
Purchase of crude palm oil from Sapi			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	**4,136**	Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected with PGSB.
Charter hire of vessels from RSI			
FFM Group	Raffles Shipping International Pte Ltd ("RSI")	**51,902**	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
Sale of flour and pollard to Wilmar Group			
FFM Group	Wilmar Group	**58,468**	Wilmar is a person connected with PGSB.

3. Recurrent related party transactions of a revenue or trading nature (continued)

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2018 Actual RM'000	Nature of relationship
Payment of advisory fee to WTC			
FFM Group	Wilmar Trading (China) Pte Ltd ("WTC")	**-**	WTC is an indirect 100%-owned subsidiary of Wilmar.
Purchase of soyabean meal from WTC			
FFM Group	WTC	**-**	WTC is an indirect 100%-owned subsidiary of Wilmar.
Payment of agency commission to WMCLV for sale of flour and pollard			
FFM Group	Wilmar Marketing CLV Co Ltd ("WMCLV")	**3,657**	WMCLV is an indirect 100%-owned subsidiary of Wilmar.
Rental of land and buildings to PGEO			
Taloh Sdn Bhd	PGEO Edible Oils Sdn Bhd ("PGEO")	**1,728**	PGEO is a wholly-owned subsidiary of PGSB.
Sale of animal feed, bran and pollard, flour, maize and raw materials to Min Tien			
FFM Grains & Mills Sdn Bhd	Min Tien & Co Sdn Bhd ("Min Tien")	**8,698**	Min Tien is a 51.9%-owned subsidiary of KBSB, a major shareholder of PPB.

** FFM is an 80%-owned subsidiary of PPB.*

LIST OF TOP 10 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	Built up area	Tenure	Year of expiry	Net book value at 31.12.2018 RM'000
STATE OF KEDAH								
PT 876-2372, 2390-2398, 3726-3733, 3774-3781, 4027-4350 & 4681-4728, Mukim Semeling, Daerah Kuala Muda	Land for property development	13.4.1981	-	501,502 sq metres	-	Freehold	-	24,830
STATE OF PENANG								
GM 59 Lot 3582 & GM 60 Lot 3583 Mukim 18, Tempat Vale of Tempe, Daerah Timor Laut, Negeri Pulau Pinang	Land for property development	20.4.2016	-	23,548 sq metres	-	Freehold	-	45,936
STATE OF PERAK								
Lot 504, 523, 834-852, 857, 863, 870-891,902-904, 907-917, 944-961, 1016, 1032-1040, 1089, 1111, 1125-1126, 1131-1132, 1148, 1178, 1191-1192, 1244, 2380-2382, 2387-2389, 2394-2401, 2405-2408, 2410 & 3485 Mukim Trong, Daerah Larut and Matang	Layer farm & oil palm plantation	25.10.1996	20	220 hectares	47,606 sq metres	Freehold	-	37,134
STATE OF SELANGOR								
Lot 64531 Lot 142827 Mukim Klang Daerah Klang	Factory, warehouse & vacant industrial land	6.6.1995	11 to 17	172,494 sq metres	69,805 sq metres	Leasehold	2097	134,283
Lots 2824-2827 & PT 45125 Mukim Sg Buloh Daerah Petaling Jaya	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	8 to 21	243,419 sq metres	13,177 sq metres	Freehold	-	62,432
Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/5, Taman Megah, 47301 Petaling Jaya	Investment property under construction	16.4.1990	-	13,631 sq metres	-	Freehold	-	27,163

LIST OF TOP 10 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	Built up area	Tenure	Year of expiry	Net book value at 31.12.2018 RM'000
WILAYAH PERSEKUTUAN								
Cheras LeisureMall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	24	21,225 sq metres	73,339 sq metres	Leasehold	2077 & 2080	72,561
STATE OF JOHOR								
Lot 66242 Mukim Plentong Daerah Johor Bahru	Factory & office building	7.1.1989	34 to 42	36,394 sq metres	20,823 sq metres	Leasehold	2049	52,181
STATE OF SABAH								
CL 015582233 Kota Kinabalu Industrial Park Kota Kinabalu	Factory & office building	19.10.2006	8	14,520 sq metres	5,230 sq metres	Leasehold	2097	25,112
INDONESIA								
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	10	33,597 sq metres	71,160 sq metres	Leasehold	2039 to 2047	114,796

STATEMENT OF SHAREHOLDINGS

as at 15 March 2019

Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders %	No. of Issued Shares	% of Issued Shares %
Less than 100	1,120	12.45	24,969	0.00
100 - 1,000	1,537	17.08	647,082	0.05
1,001 - 10,000	4,341	48.24	15,942,380	1.12
10,001 - 100,000	1,554	17.27	48,905,441	3.44
100,001 to less than 5% of issued shares	444	4.93	550,747,148	38.71
5% and above of issued shares	3	0.03	806,331,919	56.68
Total	8,999	100.00	1,422,598,939	100.00

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
IN THE COMPANY				
Tan Sri Datuk Oh Siew Nam	144,799	0.01	1,445,397	0.10
Tam Chiew Lin	7,200	0.00	12,000	0.00
IN RELATED CORPORATIONS				
Tego Sdn Bhd - Subsidiary				
Tan Sri Datuk Oh Siew Nam	-	-	18,000	0.10
Kuok Brothers Sdn Berhad - Holding company				
Tan Sri Datuk Oh Siew Nam	-	-	4,966,667	0.99
Lim Soon Huat	200,000	0.04	-	-
Datuk Ong Hung Hock	290,000	0.06	-	-
Coralbid (M) Sdn Bhd - Subsidiary of holding company				
Tan Sri Datuk Oh Siew Nam	-	-	100,000	0.27

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

STATEMENT OF SHAREHOLDINGS

as at 15 March 2019

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
Kuok Brothers Sdn Berhad	713,867,548	50.18	8,904,604	0.63	722,772,152	50.81
Employees Provident Fund Board	153,787,155	10.81	-	-	153,787,155	10.81

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

as at 15 March 2019

	Name of Shareholder	No. of Issued Shares	% of Issued Shares %
1.	Kuok Brothers Sdn Berhad	567,253,646	39.87
2.	Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	151,618,755	10.66
3.	Kuok Brothers Sdn Berhad	87,459,518	6.15
4.	Kuok Brothers Sdn Berhad	59,155,816	4.16
5.	Nai Seng Sdn Berhad	48,991,800	3.44
6.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For UBS AG Hong Kong (Foreign)*	28,483,800	2.00
7.	Kuok Foundation Berhad	20,543,664	1.44
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Morgan Stanley & Co. International PLC (Client)*	19,600,562	1.38
9.	Cartaban Nominees (Asing) Sdn Bhd *Exempt AN* *For State Street Bank & Trust Company (West CLTOD67)*	19,072,599	1.34
10.	Kumpulan Wang Persaraan (Diperbadankan)	14,811,480	1.04
11.	Chinchoo Investment Sdn Berhad	12,220,920	0.86
12.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Vanguard Emerging Markets Stock Index Fund*	11,413,860	0.80
13.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Vanguard Total International Stock Index Fund*	10,683,140	0.75

STATEMENT OF SHAREHOLDINGS

as at 15 March 2019

	Name of Shareholder	No. of Issued Shares	% of Issued Shares %
14.	UOBM Nominees (Asing) Sdn Bhd *United Overseas Bank Nominees (Pte) Ltd* *For Sin Heng Chan (1960) Pte Ltd*	10,320,000	0.73
15.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For Citibank New York (Norges Bank 14)*	10,278,620	0.72
16.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad* *For Public Ittikal Fund (N14011970240)*	10,000,000	0.70
17.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN* *For UOB Kay Hian (Hong Kong) Limited (a/c Clients)*	9,493,055	0.67
18.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB* *For Prulink Equity Fund*	9,393,960	0.66
19.	Gaintique Sdn Bhd	7,119,960	0.50
20.	Amanahraya Trustees Berhad *For Public Ittikal Sequel Fund*	6,289,920	0.44
21.	Key Development Sdn Berhad	6,000,000	0.42
22.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited* *For Government of Singapore (C)*	4,929,520	0.35
23.	Citigroup Nominees (Asing) Sdn Bhd *CBNY* *For Dimensional Emerging Markets Value Fund*	4,349,539	0.31
24.	Ang Poon Tiak	4,290,000	0.30
25.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Flexshares Morningstar Global Upstream Natural Resources Index Fund*	4,123,200	0.29
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN* *For UOB Kay Hian Pte Ltd (a/c Clients)*	4,028,597	0.28
27.	Universiti Kebangsaan Malaysia	3,988,329	0.28
28.	Amanahraya Trustees Berhad *For Public Islamic Sector Select Fund*	3,600,000	0.26
29.	Amanahraya Trustees Berhad *For Public Islamic Select Enterprises Fund*	3,341,000	0.24
30.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt AN* *For AIA Bhd*	3,275,240	0.23
		1,156,130,500	81.27

NOTICE OF ANNUAL GENERAL MEETING

Date/Time
Friday, 17 May 2019 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 50th 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 Friday, 17 May 2019 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. *(See Explanatory Note 1)*

2. To approve the payment of a final dividend of 20 sen per share in respect of the financial year ended 31 December 2018 as recommended by the Directors. **(Resolution 1)**

3. a) To approve the Directors' fees for the financial year ended 31 December 2018. **(Resolution 2)**

   b) To approve the payment of Directors' benefits for the period from 1 July 2019 to 30 June 2020. *(See Explanatory Note 2)* **(Resolution 3)**

4. To re-elect the following Directors pursuant to the Articles of Association of the Company:

   a) Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid **(Resolution 4)**
   b) Madam Tam Chiew Lin **(Resolution 5)**

5. To appoint Ernst & Young as auditors of the Company and authorise the Directors to fix their remuneration. *(See Explanatory Note 3)* **(Resolution 6)**

AS SPECIAL BUSINESS

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

6. **Ordinary Resolution**
   To approve the continuation of Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid's tenure as an independent director. *(See Explanatory Note 4)* **(Resolution 7)**

7. **Ordinary Resolution**
   – Authority to issue shares pursuant to the Companies Act 2016
   "THAT subject to the Companies Act 2016, the Articles of Association/Constitution of the Company and 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 ordinary shares 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 5)* **(Resolution 8)**

8. **Ordinary Resolution**
   – **Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with PGEO Group Sdn Bhd** **(Resolution 9)**

   The text of the above resolution together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 19 April 2019.
   (See Explanatory Note 6)

9. **Ordinary Resolution**
   – **Proposed renewal of authority for PPB Group Berhad to purchase its own ordinary shares up to 10% of the issued shares** **(Resolution 10)**

   The text of the above resolution together with details of the Proposed Share Buy-back are set out in the Circular to Shareholders dated 19 April 2019. *(See Explanatory Note 7)*

10. **Special Resolution**
   – **Proposed adoption of a new Company Constitution in place of the existing Memorandum and Articles of Association** **(Resolution 11)**

   "That a new Constitution as set out in Appendix III of the Circular to Shareholders dated 19 April 2019 be adopted in place of the existing Memorandum and Articles of Association of the Company; and that the Directors and Secretary be and are hereby authorised to take all actions they may consider necessary or expedient as may be required by the relevant authorities in order to finalise, implement and give full effect to the proposed adoption of the new Constitution."

   The details of the Proposed Adoption are set out in the Circular to Shareholders dated 19 April 2019. *(See Explanatory Note 8)*

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

NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

Notice has been given on 28 February 2019 that subject to shareholders' approval at the Annual General Meeting to be held on 17 May 2019, a final dividend of 20 sen per share in respect of the financial year ended 31 December 2018 is payable on Monday, 10 June 2019 to members whose names appear in the Record of Depositors on Friday, 24 May 2019.

A Depositor shall qualify for entitlement in respect of:

i) Shares transferred into the Depositor's securities account before 4.00 pm on Friday, 24 May 2019 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
19 April 2019

Appointment of proxy

- A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

- The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time for holding the AGM or any adjournment thereof.
- *Others*
  Only a depositor whose name appears on the Record of Depositors of the Company as at 9 May 2019 shall be regarded as a member of the Company entitled to attend, speak and vote at the AGM.

EXPLANATORY NOTES

1) Audited financial statements for the financial year ended 31 December 2018

This item of the agenda is meant for discussion only, in accordance with Section 340(1)(a) of the Companies Act 2016 (the "Act") which requires the laying of the audited financial statements, and the reports of the directors and auditors at an annual general meeting ("AGM"). Hence, this agenda item will not be put forward for voting.

2) Directors' fees and benefits

The benefits comprise allowances and benefits-in-kind payable to non-salaried Directors, of which the estimated value for the period from 1 July 2019 to 30 June 2020 is RM311,000/-.

3) Proposed appointment of auditors

The retiring auditors, Mazars PLT are not seeking re-appointment at the forthcoming 50th AGM. The Company has received a letter dated 18 March 2019 to nominate Ernst & Young for appointment as auditors, a copy of which is annexed on page 210 of the 2018 Annual Report.

SPECIAL BUSINESS

4) Independent director's tenure

Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid was appointed as an Independent Non-executive Director on 22 June 2009 and his tenure as an independent director was extended at the 49th AGM of the Company in 2018 until the conclusion of the next AGM, pursuant to the recommendation in the Malaysian Code on Corporate Governance. The Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Dato' Sufian is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company.

Dato' Sufian is the Chairman of the Remuneration Committee and a member of the Audit Committee. His profile is set out on page 40 of the Annual Report. He is also in compliance with the relevant criteria and provisions in the Bursa Securities Main Market Listing Requirements on independent directors. Dato' Sufian abstained from all deliberations at the Board meeting in relation to the recommendation of Resolution 7.

5) Authority to issue shares pursuant to the Companies Act 2016

The proposed Ordinary Resolution 8 is to seek a renewal of the general authority for the issue of new ordinary shares in PPB pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the AGM held in 2018. The Company did not issue any new ordinary shares after the mandate was obtained at the last AGM.

The Company continually seeks opportunities to broaden the operating base and earnings potential of the Group. This may require the issue of new ordinary shares not exceeding ten per centum (10%) of the Company's issued shares. The proposed Resolution 8, if passed, would enable the Company to avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

There is presently no decision to issue new ordinary shares. Should there be a decision to issue 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.

6) **Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Ordinary Resolution 9 is to enable the Company's subsidiaries to enter into recurrent related party transactions which are necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would also eliminate the need to make regular announcements to Bursa Securities or convene separate general meetings from time to time to seek shareholders' approval as and when recurrent related party transactions arise, thereby reducing substantial administrative time and expenses in convening such meetings.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 19 April 2019 despatched together with the 2018 Annual Report.

7) **Proposed renewal of authority for PPB Group Berhad to purchase its own ordinary shares up to 10% of the issued shares**

The proposed Ordinary Resolution 10 is to enable the Company to purchase up to a maximum of 142,259,893 ordinary shares, representing 10% of the present issued shares of the Company.

Further information on the Proposed Share Buy-back is set out in the Circular to Shareholders dated 19 April 2019 despatched together with the 2018 Annual Report.

8) **Proposed adoption of a new Company Constitution in place of the existing Memorandum and Articles of Association**

The proposed Special Resolution 11 is to enable the Company to adopt a new Constitution to align with the provisions in the Companies Act 2016, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the Proposed Adoption is set out in the Circular to Shareholders dated 19 April 2019 despatched together with the 2018 Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election are as follows:

a) Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid; and
b) Madam Tam Chiew Lin

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 40 and 42 of the 2018 Annual Report.

Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 203 of the 2018 Annual Report.

NOTICE OF NOMINATION OF AUDITORS

KUOK BROTHERS SDN. BERHAD (1765-T)
(INCORPORATED IN MALAYSIA)

18 March 2019

BY HAND

PPB GROUP BERHAD
12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

We, being a shareholder of PPB Group Berhad, hereby give you notice of our intention to nominate Ernst & Young for appointment as the auditors of PPB Group Berhad ("PPB") at the forthcoming 50th Annual General Meeting of PPB scheduled to be held on 17th May 2019 or any adjournment thereof.

For and on behalf of
KUOK BROTHERS SDN BERHAD

TAN YEW JIN
Director

15th Floor, UBN Tower, (Letter Box No. 111) 10, Jalan P. Ramlee, 50250 Kuala Lumpur
Gen. Line : 03-2023 2800 Gen. Fax : 03-2023 2990, 2023 2991 Email : kbsb@kuokgroup.com

PPB GROUP BERHAD (8167-W) — PROXY FORM

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(ies) to vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company to be held on Friday, 17 May 2019 at 10.00 am and at any adjournment thereof.

My/Our proxy(ies) is/are to vote as indicated below:

No.	Resolutions	For	Against
1	To approve the payment of a final dividend.		
2	To approve Directors' fees.		
3	To approve the payment of benefits to Directors.		
4	To re-elect Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director.		
5	To re-elect Madam Tam Chiew Lin as a Director.		
6	To appoint Ernst & Young as auditors of the Company.		
7	To approve the continuation of Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid's tenure as an independent director.		
8	To authorise the Directors to allot and issue shares.		
9	To approve a shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with PGEO Group Sdn Bhd.		
10	To approve the Proposed Share Buy-back.		
11	To approve the adoption of a new Company Constitution.		

(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%**

Signed this __________ day of __________ 2019.

____
Signature

NOTES:

a) 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.

b) 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.

c) 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.

d) 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.

Fold Here

Fold Here

Affix
stamp
here

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

WWW.PPBGROUP.COM

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