

**Perak Corporation Berhad**

(210915-U)

INCORPORATED IN MALAYSIA

# **ANNUAL REPORT**

## **2011**





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INCORPORATED IN MALAYSIA

## ANNUAL REPORT 2011



### Cover rationale:

Leaf venation ~  
life sustenance of the world, our future.

Perak Corporation Berhad joins the world in mitigating loss of biodiversity and climate change. The township of Bandar Meru Raya spearheads urban biodiversity initiatives in exhibiting exemplary conservation practices, rehabilitation, optimal use of ecological resources and promoting an eco-loving community. The business activities of the Group in the 'silver' state, as the name Perak implies, is exemplified in the silver covers of the Annual Reports to date.

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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-first Annual General Meeting of the Company will be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on **Friday, 29 June 2012**, at **10:00 a.m.** to transact the following businesses:

## AGENDA

- |    |   |  |
|----|---|--|
| 1. | To receive and adopt the Audited Financial Statements for the year ended 31 December 2011 together with the Report of the Directors and Auditors thereon.   | <b>Resolution 1</b>                        |
| 2. | To approve the payment of a first and final dividend of 3 sen per share less income tax for the year ended 31 December 2011.  | <b>Resolution 2</b>                        |
| 3. | To approve the payment of Directors' fees for the year ended 31 December 2011.  | <b>Resolution 3</b>                        |
| 4. | To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:<br>a) Dato' Dr Vasan a/l Sinnadurai<br>b) YB Datuk Dr Wan Norashikin binti Wan Noordin | <b>Resolution 4</b><br><b>Resolution 5</b> |
| 5. | To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 6</b>                        |

**As special business to consider and, if thought fit, to pass the following Resolution:**

- |    |   |                     |
|----|---|---------------------|
| 6. | <b>Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b> | <b>Resolution 7</b> |
|----|---|---------------------|

"**THAT** approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements for the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day to day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 5 June 2012, subject to the following:

- (a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

## ***Notice of Annual General Meeting (Continued)***

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:

- (i) the type of the Recurrent Related Party Transactions made; and
- (ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

**THAT** the approval given in the paragraph above shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965, ("the Act"), but must not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. To transact any other business appropriate to an AGM of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.

By order of the Board

**Cheai Weng Hoong**  
**Chan May Yoke**  
Company Secretaries

Ipoh  
5 June 2012

## ***Notice of Annual General Meeting (Continued)***

### **NOTICE OF FIRST AND FINAL DIVIDEND PAYMENT AND CLOSURE OF REGISTER**

Subject to the approval of the shareholders, a first and final dividend of 3 sen per share less 25% income tax will be paid on 16 August 2012.

Notice is hereby given that the Register of Members of the Company will be closed on 30 July 2012, to determine shareholders' entitlement to the dividend payment.

A depositor will qualify for entitlement only in respect of:

- a) Shares transferred into the Depositors' Securities account before 4.00 p.m. on 30 July 2012 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

#### **Notes:**

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.
2. When a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 25 June 2012 will be entitled to attend and vote at the meeting.
7. The registration for the above Meeting will commence on Friday, 29 June 2012 at 9:30 a.m.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

#### **Resolution 4 and 5**

The profiles of the Directors standing for re-election are disclosed on page 11 of the Annual Report and the details of their interests in the securities of the Company are disclosed under Analysis of Shareholdings on page 40 of the Annual Report.

#### ***Explanatory Note***

#### **Resolution 7**

Please refer to the Circular to Shareholders dated 5 June 2012 which is enclosed together with the Annual Report of the Company.

# Corporate Information

## BOARD OF DIRECTORS

**YB Dato' Nasarudin bin Hashim** DIMP, AMP, BPC, BCM  
*Chairman, Non-Independent Non-Executive*

**Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri**  
*Non-Independent Non-Executive*

**Tuan Haji Ab Rahman bin Mohammed**  
*Senior Independent Non-Executive*

**Dato' Abd Karim bin Ahmad Tarmizi** DPMP  
*Independent Non-Executive*

**Dato' Dr Vasan a/I Sinnadurai** DPMP  
*Independent Non-Executive*

**YB Datuk Dr Wan Norashikin binti Wan Noordin** DPSM, PMP  
*Independent Non-Executive*

## GROUP OFFICERS

**Dato' Samsudin bin Hashim** DPMP, PMP, AMP  
*Group Chief Executive Officer*  
*Perak Corporation Berhad*

**Mr Harbhajan Singh a/I Ujagar Singh** AMP, PPT  
*Group Chief Financial Officer*  
*Perak Corporation Berhad*

**Hajah Sharifah Nor Hashimah bt Syed Kamaruddin** AMP, PPT  
*Group GM, Land and Property*  
*Perak Corporation Berhad*

**Tuan Haji Ibrahim bin Yaacob** AMP, PPT  
*Chief Executive Officer*  
*PCB Development Sdn Bhd*

**Encik Amin bin Halim Rasip**  
*Chief Executive Officer*  
*Lumut Maritime Terminal Sdn Bhd*

**Encik Izudin bin Ismail**  
*Chief Operating Officer*  
*Lumut Maritime Terminal Sdn Bhd*

**Ms Chow Mun Lan**  
*General Manager cum Company Secretary*  
*Casuarina Hotel Management Sdn Bhd*

## PRINCIPAL PLACE OF BUSINESS

2nd Floor, Wisma Wan Mohamed  
Jalan Panglima Bukit Gantang Wahab  
30000 Ipoh, Perak Darul Ridzuan  
Tel : +6 (05) 242 7277, 242 7279  
Fax : +6 (05) 242 7290  
Email : pcb@pkcorp.com.my  
Website : www.pkcorp.com.my

## COMPANY SECRETARIES

Mr Cheai Weng Hoong (LS 05624)  
Ms Chan May Yoke (MAICSA 7019010)

## AUDITORS

Ernst & Young (AF: 0039)  
Chartered Accountants

## SOLICITORS

Rusnah Loh Ng & Co.  
Rodney Koh & Associates

## PRINCIPAL BANKERS

CIMB Bank Berhad  
Malayan Banking Berhad

## REGISTERED OFFICE

D-3-7, Greentown Square  
Jalan Dato' Seri Ahmad Said  
30450 Ipoh, Perak Darul Ridzuan  
Tel : +6 (05) 241 7762, 253 0760  
Fax : +6 (05) 241 6761

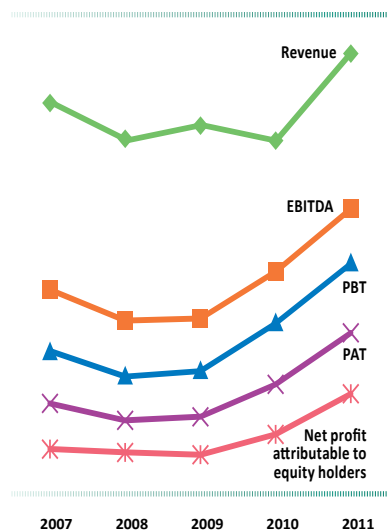
## REGISTRAR

Shared Services & Resources Sdn Bhd  
D-3-7, Greentown Square  
Jalan Dato' Seri Ahmad Said  
30450 Ipoh, Perak Darul Ridzuan  
Tel : +6 (05) 241 7762, 253 0760  
Fax : +6 (05) 241 6761

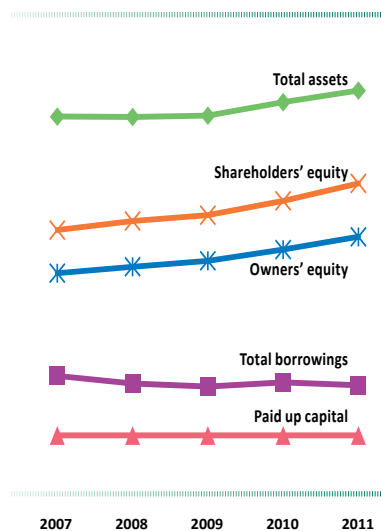
## STOCK EXCHANGE LISTING

Main Market,  
Bursa Malaysia Securities Berhad  
Name : PRKCORP  
Stock Code : 8346

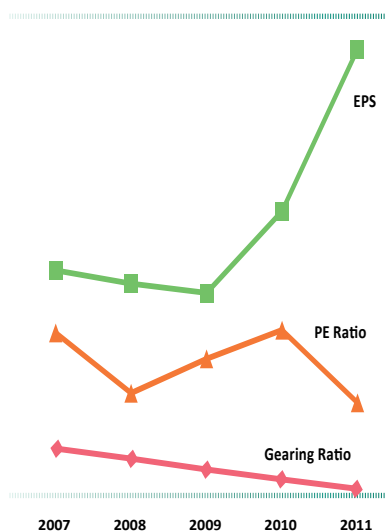
# Financial Highlights 31 December



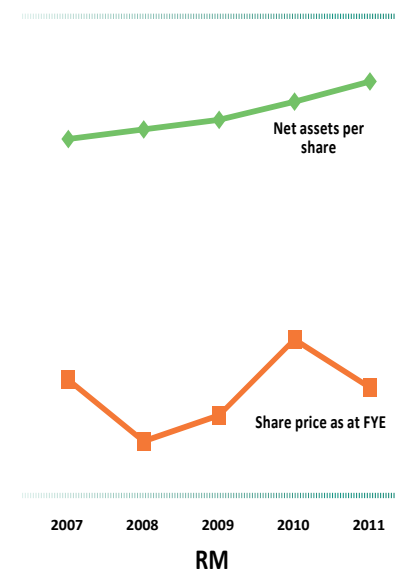
RM '000	2007	2008	2009	2010	2011
Revenue	114,496	103,578	108,069	103,498	128,908
EBITDA	47,763	38,763	39,355	53,029	71,400
PBT	38,134	30,656	32,249	46,177	63,640
PAT	26,794	21,846	22,899	32,346	47,383
Net profit attributable to equity holders	13,455	12,490	11,807	17,755	29,598



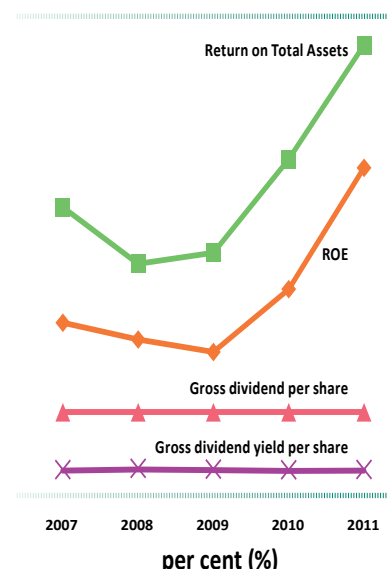
RM '000	2007	2008	2009	2010	2011
Total assets	631,840	631,127	633,426	655,847	675,258
Shareholders' equity	442,623	457,620	467,394	491,312	520,417
Owners' equity	370,636	381,277	391,209	410,043	431,363
Total borrowings	128,529	115,794	110,648	117,646	112,782
Paid up capital	100,000	100,000	100,000	100,000	100,000



	2007	2008	2009	2010	2011
EPS	13.46	12.49	11.81	17.76	29.60
PE Ratio	8.9	4.5	7	9.1	3.8
Gearing Ratio	24	18	6	2	0



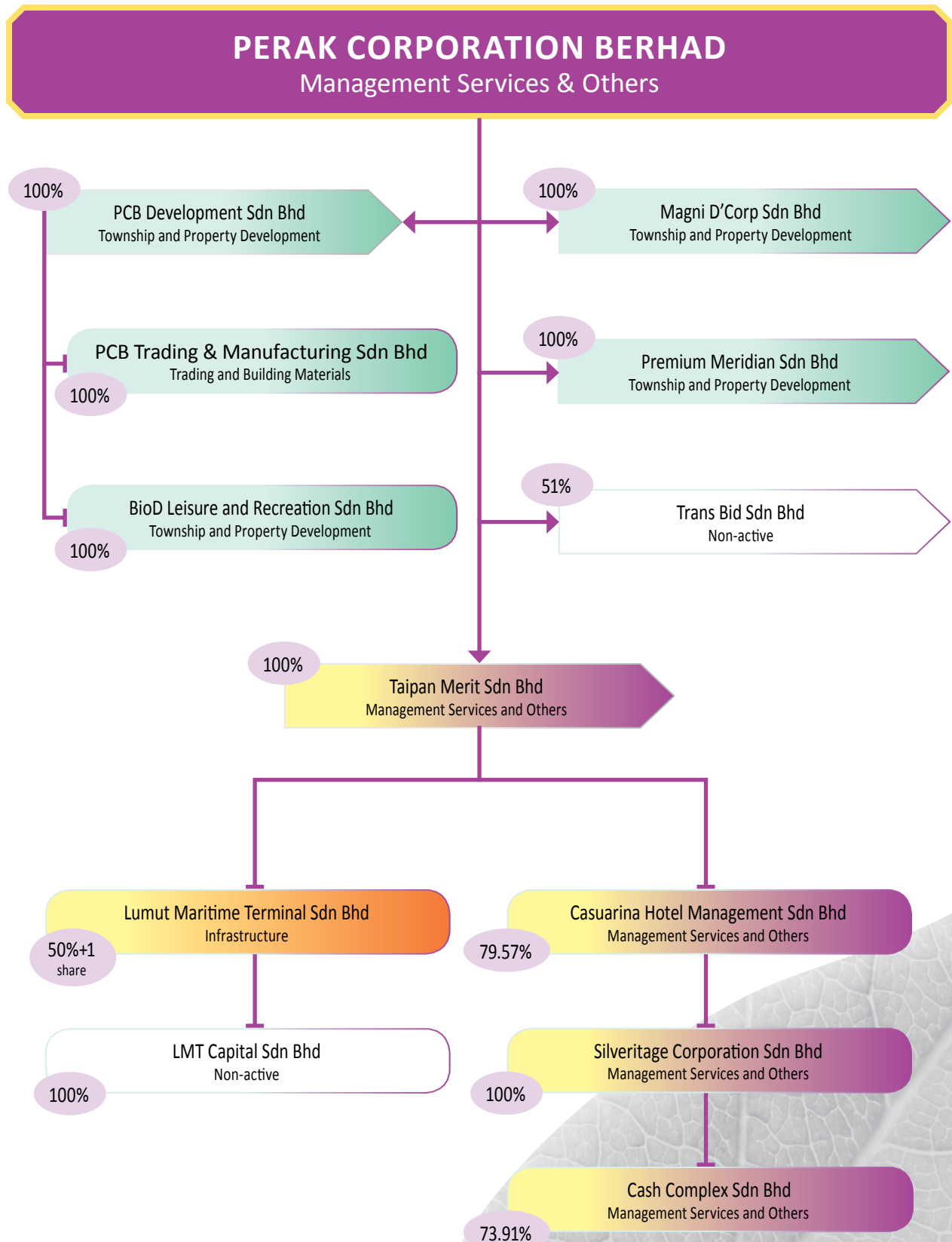
RM	2007	2008	2009	2010	2011
Net assets per share	3.71	3.81	3.91	4.10	4.31
Share price as at FYE	1.20	0.56	0.83	1.62	1.12



per cent (%)	2007	2008	2009	2010	2011
Return on Total Assets	6.04	4.86	5.09	7.04	9.42
ROE	3.63	3.28	3.02	4.33	6.86
Gross dividend per share	2.5	2.5	2.5	2.5	2.5
Gross dividend yield per share	2.1	4.5	3.0	1.5	2.2



# Corporate Structure as at 31 December 2011





# Board of Directors



1. YB Dato' Nasarudin bin Hashim
2. Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri
3. Tuan Haji Ab Rahman bin Mohammed
4. Dato' Abd Karim bin Ahmad Tarmizi
5. Dato' Dr Vasan a/l Sinnadurai
6. YB Datuk Dr Wan Norashikin binti Wan Noordin

# Profile of Directors

## **YB DATO' NASARUDIN BIN HASHIM DIMP, AMP, BPC, BCM**

*Non-Independent Non-Executive Director, Malaysian, aged 61 years*

YB Dato' Nasarudin bin Hashim was first appointed to the Board on 25 August 2009 and thereafter as the Chairman of the Board and also Chairman of the Finance and Business Development Committee on 26 August 2009.

He graduated with a Bachelor of Arts with Honours from University of Malaya. He also holds a Certificate in Urban and Rural Planning, United Kingdom.

He sits on the Board on behalf of Perbadanan Kemajuan Negeri Perak, the ultimate holding corporation of the Company. He has previously served as an Administrative and Diplomatic Services Officer for 23 years at state and federal level. He was a member of Parliament (Parit) from 2004 to 2008 and has been appointed as a member of the State Legislative Assembly (Bota, Perak) since 2008. He was previously the Chairman of FELCRA Bhd (2006-2008) and is currently the Chairman of Technology Park Malaysia Corporation Sdn Bhd. He is the Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of the Company, since 1 September 2009.

He attended 4 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

## **ENCIK WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI**

*Non Independent Non-Executive Director, Malaysian, aged 53 years*

Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri was first appointed to the Board on 18 June 2008. He was appointed as the Chairman of the Nomination and Remuneration Committee on 2 November 2009.

He graduated with a Bachelor of Science in Civil Engineering. He sits on the Board on behalf of Sime Darby Property Berhad, a major shareholder of the Company where he is Head of Township Operations. Previously, he has served as Geotechnical Design & Research Engineer with Public Works Department, Ikram Bangi, Regional Geotechnical Engineer with Pengurusan Lebuhraya Bhd, Senior Project Manager with I & P Berhad, General Manager with General Lumber Construction Sdn Bhd, Executive Director with Irat Management Services Sdn Bhd, General Manager, Property Division with Putrajaya Holdings Sdn Bhd, Chief Operating Officer with Putrajaya Homes Sdn Bhd and Chief Executive Officer with Negara Properties (M) Bhd.

He attended 5 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

## ***Profile of Directors (Continued)***

### **TUAN HAJI AB RAHMAN BIN MOHAMMED**

*Senior Independent Non-Executive Director, Malaysian, aged 66 years*

Tuan Haji Ab Rahman bin Mohammed was first appointed to the Board on 7 August 2007. He was appointed as a member and thereafter the Chairman of the Audit Committee on 29 August 2007 and 26 August 2009 respectively.

He graduated with a Bachelor of Economics with Honours from University of Malaya in 1969. He obtained Masters in Business Management from Asian Institute of Management, Philippines in 1997. He is a Chartered Member of the Institute of Internal Auditors, Malaysia.

Previously, he sat on the Board on behalf of Permodalan Nasional Berhad, then a major shareholder of the Company. He has been redesignated as an Independent Non Executive Director on 26 August 2009. He has served in various Government Departments for 30 years. He has served as Deputy Auditor General of Jabatan Audit Negara (1996 – 2000) and Chief Internal Auditor for Tenaga Nasional Berhad (2001-2005).

He attended all 6 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

He has an indirect interest via his spouse's shareholding of 5,000 ordinary shares of the Company.

### **DATO' ABD KARIM BIN AHMAD TARMIZI DPMP**

*Independent Non-Executive Director, Malaysian, aged 62 years*

Dato' Abd Karim bin Ahmad Tarmizi was first appointed to the Board and as a member of the Finance and Business Development Committee on 2 November 2009.

He graduated with a Bachelor of Economics from North Queensland University, Australia. An Australian trained Chartered Accountant, he is also a member of the Malaysian Institute of Accountants.

In 1976-1980, he served the government in the Accountant General's Office in a senior position. He left for the private sector initially joining Paremba/Sime UEP Bhd. Thereafter, he held a few senior corporate positions in the Sime Darby Group. He ended his professional corporate career as the Group Managing Director of Land & General Berhad. In 2001, he initiated the management buyout of Industrial Resins (Malaysia) Sdn Bhd and spearheaded its operation and listing in 2005 as Chairman/CEO of IRM Group Berhad. He has previously served in the boards of Land and General Bhd, SPPK Bhd, RHB Bhd and as a Council member of the Malaysian Timber Council. He was active in the Petrochemical Industry as past President of the Plastic Resins Producers Group (PRPG) and Vice President of the Malaysian Petrochemical Association (MPA). He also laid the foundation as initial Chairman for the formation of the Malaysian Plastic Forum (MPF), a plastic advocacy group.

He attended all 6 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

## ***Profile of Directors (Continued)***

### **YB DATUK DR WAN NORASHIKIN BINTI WAN NOORDIN DPSM, PMP**

*Independent Non-Executive Director, Malaysian, aged 39 years*

YB Datuk Dr Wan Norashikin binti Wan Noordin was first appointed to the Board, a member of the Audit Committee and a member of Nomination and Remuneration Committee on 2 November 2009.

She graduated with a Bachelor of Dental Surgery (BDS) from the University of Malaya in 1997. She had previously served in the Ministry of Health as a Government Dental Officer from 1997 before she became a private dental practitioner in 2005. In 2008, she contested and won a State seat in the Malaysian General Elections held in that year. She is currently the Perak State Assemblywoman for Kampong Gajah.

She attended 4 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. She does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 10 years.

### **DATO' DR VASAN A/L SINNADURAI DPMP**

*Independent Non-Executive Director, Malaysian, aged 48 years*

Dato' Dr Vasan a/l Sinnadurai was first appointed to the Board, a member of the Audit Committee and a member of the Nomination and Remuneration Committee on 2 November 2009.

He graduated with Bachelor of Medicine and Bachelor of Surgery from University of Madras, India in 1991. He received the M. MED Orthopaedic from University Science Malaysia (USM) in 2001. He also holds various fellowships, among others, Fellowship in Foot and Ankle Reconstruction (Australia), Fellowship in Sport and Shoulder (Korea), American Orthopaedic Travelling (USA) and is a Certified Medical Independent Assessor (CMIA).

He is currently the Consultant of Orthopaedic and Adult Reconstruction Surgeon at Pantai Hospital Ipoh. He has provided medical services for 18 years. He was the Head of Orthopaedic Department, Taiping Hospital for 4 years before he left for the private sector.

He attended all 6 out of 6 Board of Directors' meetings held during the financial year ended 31 December 2011. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

He holds 30,000 ordinary shares of the Company.



# Profile of Group Chief Executive Officer



## **DATO' SAMSUDIN BIN HASHIM**

*Malaysian, aged 55 years*

Dato' Samsudin bin Hashim was first appointed as a Group Chief Executive Officer of the Company on 1 September 1997.

He graduated from Universiti Kebangsaan Malaysia with a Bachelor in Business Administration (Hons) majoring in Finance & Marketing. He joined Perbadanan Kemajuan Negeri Perak (PKNP) in 1982, and has since held various posts including Project Officer, Director of Planning and Corporate Affairs and currently he is the Chief Executive of PKNP, a position held since 1 January 1998.

He holds directorships in a number of companies under the PKNP Group and the Company's subsidiaries. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

He holds 18,750 ordinary shares of the Company.

## Management Team



Encik Izudin  
bin Ismail

Tuan Haji Ibrahim  
bin Yaacob

Encik Amin  
bin Halim Rasip

Mr Harbhajan Singh  
a/I Ujagar Singh

Hajah Sharifah  
Nor Hashimah bt  
Syed Kamaruddin

Ms Chow  
Mun Lan

# Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of PERAK CORPORATION BERHAD for the financial year ended 31 December 2011.

## OVERVIEW

The Group activities in 2011 remained focus on its core businesses of township development of real property and ancillary services, and maritime services and sales of port related land.

The township and property development activities performed better as compared to the previous year and the consistent improved returns from maritime services have enabled the Group to achieve more than favourable results for the financial year under review as compared to the performance for the last five financial years. The Group will continue to build on its strengths in all of its business segments to remain competitive to achieve favourable results in the foreseeable future.

## FINANCIAL REVIEW

For the financial year ended 31 December 2011, the Group's revenue increased by 24.55% to RM128.91 million (2010: RM103.50 million) mainly due to the infrastructure and the township development segments. Accordingly, the Group achieved a pretax profit of RM63.64 million (2010: RM46.18 million), an increase of 37.81%. Net profit attributable to shareholders was RM29.60 million in comparison to RM17.76 million earned in the previous year.

Net assets per share attributable to ordinary equity holders of the parent as at 31 December 2011 improved to RM4.31 (2010: RM4.10) based on the ordinary shares in issue of RM1.00 each of 100 million (2010: 100 million) units.

# Penyata Pengerusi

*Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan PERAK CORPORATION BERHAD bagi tahun kewangan berakhir 31 Disember 2011.*

## TINJAUAN KESELURUHAN

*Aktiviti Kumpulan pada tahun 2011 masih kekal fokus terhadap perniagaan teras pembangunan bandar baru dan perkhidmatan sampingan bagi hartanah dan perkhidmatan maritim dan penjualan tanah yang berkaitan aktiviti pelabuhan.*

*Perolehan segmen pembangunan hartanah dan bandar baru telah bertambah baik berbanding tahun sebelumnya dan pulangan yang lebih konsisten dari perkhidmatan maritim telah membolehkan Kumpulan mencapai keputusan yang memberangsangkan berbanding prestasi untuk lima tahun kewangan sebelumnya. Kumpulan akan terus meningkatkan keupayaannya di dalam semua segmen perniagaannya untuk kekal berdaya saing bagi mencapai keputusan yang menggalakkan pada masa hadapan yang boleh diramalkan.*

## TINJAUAN SEMULA KEWANGAN

*Bagi tahun kewangan berakhir 31 Disember 2011, perolehan pendapatan Kumpulan telah meningkat sebanyak 24.55% ke RM128.91 juta (2010: RM103.50 juta) yang disumbangkan oleh segmen pembangunan bandar baru dan infrastruktur. Seterusnya, Kumpulan memperolehi keuntungan sebelum cukai yang berjumlah RM63.64 juta (2010: RM46.18 juta), tambahan sebanyak 37.81%. Keuntungan bersih yang boleh diagihkan kepada pemegang-pemegang saham adalah sebanyak RM29.60 juta berbanding dengan RM17.76 juta diperolehi pada tahun sebelumnya.*

*Agihan aset bersih sesaham kepada pemegang ekuiti biasa syarikat induk pada 31 Disember 2011 telah meningkat kepada RM4.31 (2010: RM4.10), berasaskan kepada syer biasa yang diterbitkan pada RM1.00 seunit untuk 100 juta (2010: 100 juta) unit.*

For the year under review, the Company achieved revenue of RM10.58 million resulting in pretax profits of RM8.30 million as compared to revenue of RM16.01 million with pretax profits of RM7.15 million recorded in the year 2010. Profit after taxation was recorded at RM6.50 million as against RM4.84 million achieved in the year 2010. The increase in profits was largely attributable to dividends received from a subsidiary for the year under review.

## **OPERATION REVIEW**

### **Management Services and Others**

The Group's main contributors of this segment are the Company, Taipan Merit Sdn Bhd ("TMSB") and Casuarina Hotel Management Sdn Bhd ("CHM").

The Company derives its income from the rental of its 9 storey office tower, known as Wisma Wan Mohamed, Ipoh, dividends from its subsidiary companies, sale of its land in Bandar Meru Raya, Ipoh ("BMR") and interest income. As at 31 December 2011, it still has 149 acres of land at BMR for sale besides a land bank of 465 acres in Ulu Behrang, Perak, next to the Proton City at Behrang near Tanjung Malim for future sale and development.

TMSB mainly obtains income from dividends from its subsidiary company, Lumut Maritime Terminal Sdn Bhd ("LMTSB"), and its investment in Integrax Berhad ("ITB"), and interest income whereas CHM obtained interest income from fixed deposit placements of the proceeds upon its disposal of its hotel in year 2009.

CHM has not departed from the hospitality industry as it has begun the construction of a new hotel property in the township of Bandar Meru Raya with a 2,000 seater convention centre and two office towers. The piling has been completed and the construction has commenced in December 2011 with the completion targeted to be at the end of third quarter of 2013.

*Bagi tahun yang dinilai, Syarikat telah mencapai perolehan sebanyak RM10.58 juta yang menghasilkan keuntungan sebelum cukai RM8.30 juta berbanding dengan perolehan RM16.01 juta dengan keuntungan sebelum cukai RM7.15 juta dicatatkan bagi tahun 2010. Keuntungan selepas cukai dicatatkan pada RM6.50 juta berbanding RM4.84 juta yang dicapai pada tahun 2010. Peningkatan keuntungan adalah disumbangkan oleh penerimaan dividen daripada salah satu subsidiari bagi tahun yang dinilai.*

## **TINJAUAN SEMULA AKTIVITI-AKTIVITI**

### **Perkhidmatan Pengurusan dan Lain-Lain**

*Penyumbang utama segmen ini kepada Kumpulan ialah Syarikat, Taipan Merit Sdn Bhd ("TMSB") dan Casuarina Hotel Management Sdn Bhd ("CHM").*

*Syarikat mendapat punca pendapatannya dari penyewaan 9 tingkat pejabat, dikenali sebagai Wisma Wan Mohamed, Ipoh, dividen-dividen dari anak syarikat serta jualan tanahnya di Bandar Meru Raya, Ipoh ("BMR") dan pendapatan faedah. Pada 31 Disember 2011, ia masih mempunyai 149 ekar tanah di BMR untuk jualan selain satu bank tanah sebanyak 465 ekar di Ulu Behrang, Perak, di sebelah Proton City, Behrang dekat Tanjung Malim untuk jualan dan pembangunan pada masa hadapan.*

*TMSB mendapatkan pendapatan dari dividen-dividen dari anak syarikatnya seperti Lumut Maritime Terminal Sdn Bhd ("LMTSB"), dan pelaburan dalam Integrax Bhd berserta faedah bank manakala CHM memperolehi pendapatannya daripada faedah penempatan simpanan tetap hasil atas pelupusan hotelnya pada tahun 2009.*

*CHM belum lagi berundur daripada industri hospitaliti dengan bermulanya pembinaan hartanah hotel yang baru di Bandar Meru Raya serta sebuah pusat konvensyen dengan 2,000 tempat duduk. Pemasangan cerucuk telah siap dan pembinaan telah bermula pada bulan Disember 2011 dan dijangka dapat disiapkan pada akhir suku tahun ketiga 2013.*



## **Chairman's Statement (Continued)**

This segment achieved a profit before tax of RM22.54 million as compared to a profit before tax of RM8.88 million in 2010.

### **Township Development**

The Group's main contributor of this segment is its wholly owned subsidiary, PCB Development Sdn Bhd ("PCBD").

PCBD's township development known as Bandar Meru Raya ("BMR"), is located in the north of the City of Ipoh Perak which has received the MSC Malaysia Cybercentre Status Certificate for having fulfilled the necessary set of criteria towards meeting the vision of MSC Malaysia is currently being actively developed. The construction of a 156-room hotel, 2 blocks of office towers and convention centre by CHM is currently in progress. Mydin Wholesale Cash & Carry Sdn Bhd which had purchased 16 acres of developed land has constructed a hypermarket, distribution centre and related facilities began operations in May 2012. In addition, Jabatan Ketua Pengarah Tanah dan Galian Persekutuan Negeri Perak, Arkib Negara, Pejabat Tanah dan Galian Negeri Perak and Yayasan Perak have purchased developed lands to site their administrative offices in BMR which are yet to commence their construction. Apart from these, the construction of the intercity bus terminal is about 90% completed which shall improve access to BMR either to/from the Ipoh City or other cities of Peninsular Malaysia. Also, various types of shophouses are in various stages of construction.

This segment has achieved a revenue of RM26.17 million (2010: RM24.99 million) with profit before taxation of RM13.06 million (2010: RM6.44 million) for the year under review.

### **Infrastructure**

The Group's contributor in this segment is via its subsidiary, LMTSB. LMTSB is a terminal owner, operator and land developer.

## **Penyata Pengerusi (Sambungan)**

*Segmen ini telah mencapai keuntungan sebelum cukai sebanyak RM22.54 juta berbanding dengan keuntungan sebelum cukai RM8.88 juta bagi tahun 2010.*

### **Pembangunan Bandar Baru**

*Bagi Kumpulan, penyumbang utama segmen ini ialah subsidiari milik sepenuhnya, PCB Development Sdn Bhd (PCBD).*

*Pembangunan bandar baru PCBD yang dikenali sebagai Bandar Meru Raya ("BMR"), terletak di utara Bandaraya Ipoh, Perak yang telah menerima Sijil "MSC Malaysia Cybercentre Status" di atas pencapaian menyempurnakan segala kriteria ke arah memenuhi visi MSC Malaysia sedang giat dibangunkan. Pembinaan sebuah hotel yang mempunyai 156 bilik, 2 blok menara pejabat dan pusat konvesyen sedang di dalam pembinaan. Mydin Wholesale Cash & Carry Sdn Bhd telah membeli 16 ekar tanah pembangunan dan telah membina sebuah pasaraya, pusat agihan dan fasiliti terbabit yang telah mula beroperasi pada bulan Mei 2012. Di samping itu, Jabatan Ketua Pengarah Tanah dan Galian Persekutuan Negeri Perak, Arkib Negara, Pejabat Tanah dan Galian Negeri Perak dan Yayasan Perak telah membeli tanah pembangunan untuk mendirikan pejabat pentadbiran mereka di BMR yang mana belum memulakan pembinaan. Selain itu, pembinaan terminal bas antara bandar telah siap 90% dan akan meningkatkan akses kepada BMR dari/atau ke Bandaraya Ipoh atau bandaraya lain di Semenanjung Malaysia. Begitu juga beberapa jenis rumah kedai yang kini berada dalam pelbagai peringkat pembinaan.*

*Segmen ini telah mencapai perolehan sebanyak RM26.17 juta (2010: RM24.99 juta) dengan keuntungan sebelum cukai sebanyak RM13.06 juta (2010: RM6.44 juta) bagi tahun yang dinilai.*

### **Infrastruktur**

*Sumbangan Kumpulan dalam segmen ini ialah melalui subsidiari, LMTSB. LMTSB ialah pemilik terminal, operator dan pemaju tanah.*

## Chairman's Statement (Continued)

Lumut Maritime Terminal ("LMT") is a river port terminal located in Lumut's Dinding River capable of handling Handymax vessels up to 40,000 deadweight tons (DWT). It provides total integrated port services and facilities and is capable of handling a whole range of cargo from dry bulk, liquid bulk, break bulk and project cargoes.

The year 2011 saw a 3.7% reduction in cargo throughput at LMT of 3.2 million tons, as compared to 3.3 million tons in 2010. Export cargo accounted for 63.12% of the throughput which comprise mainly of cement, clinker, limestone and liquid cargo. Bulk palm oil accounted for 30.96% of the total exports. Import cargos consist mainly of coal and petcoke for the local cement manufacturing plants.

LMTSB is also the operator and manager of Lekir Bulk Terminal ("LBT"), a deep water seaport located in the Malacca Straits with a natural draft of 20 metres. It is able to handle dry bulk cargoes in Handymax, Panamax and Capemax ships up to 200,000 DWT. LBT is a dedicated terminal to handle coal for the Janakuasa Sultan Azlan Shah in Sri Manjung. In the year 2011, it handled 6.1 million tons (2010: 6.3 million tons) of coal.

### Port Operations Summary

	2011 RM'000	2010 RM'000	%
Revenue	69,142	67,238	2.8
PBT	32,156	31,463	2.2

LBT Cargo Throughput	6,073,865 MT	6,316,797 MT	(3.8)
LMT Cargo Throughput	3,175,613 MT	3,296,880 MT	(3.7)

## Penyata Pengerusi (Sambungan)

Lumut Maritime Terminal ("LMT") ialah terminal pelabuhan sungai terletak di Sungai Dinding Lumut dimana iannya berupaya menguruskan kapal-kapal Handymax sehingga 40,000 tan-tan berat muatan (DWT). LMT adalah terminal yang menyediakan perkhidmatan pelabuhan yang bersepadu dengan kemudahan bagi pengendalian berbagai jenis kargo dari pukal kering, pukal cecair, kargo awam dan kargo khusus.

Pengendalian kargo di LMT bagi tahun 2011 mencatat pengurangan 3.7% berjumlah 3.2 juta tan berbanding dengan 3.3 juta tan pada 2010. Kargo eksport merupakan 63.12% daripada jumlah pengendalian kargo yang utamanya simen 'clinkers', batu kapur dan kargo cecair. Eksport minyak sawit pukal kekal pada 30.96% dari jumlah eskport. Kargo import yang utama ialah arangbatu dan "petcoke" bagi loji-loji simen.

LMTSB juga adalah operator dan pengurus Lekir Bulk Terminal ("LBT"), pelabuhan laut yang mendalam dengan kedalaman semulajadi 20 meter di Selat Melaka. Ia mampu menguruskan kargo-kargo pukal kering dalam Handymax, Panamax and Capemax dan dapat menghantar sehingga 200,000 DWT. LBT ialah terminal secara khusus mengendalikan arang batu bagi Janakuasa Sultan Azlan Shah di Seri Manjung. Dalam tahun 2011, sebanyak 6.1 juta tan arang batu dikendalikan (2010: 6.3 juta tan).

### Ringkasan Operasi Pelabuhan

	2011 RM'000	2010 RM'000	%
Perolehan	69,142	67,238	2.8
Keuntungan sebelum cukai	32,156	31,463	2.2

Kendalian kargo LBT	6,073,865 MT	6,316,797 MT	(3.8)
Kendalian kargo LMT	3,175,613 MT	3,296,880 MT	(3.7)

## Chairman's Statement (Continued)

LMTSB's Lumut Port Industrial Park ("LPIP") is a 1,000 acre industrial estate located next to the LMT facilities. It develops and sells industrial land with a lease for 89 years for heavy, medium and light industries at competitive prices. The selling price of the land depends on the location, total acreage purchased and most importantly the usage of port facilities. Currently, about 90% of the land has been sold with 108.13 acres of land remaining. Foreign ownership is permitted. Being located next to the LMT makes it a very attractive investment opportunity for investors.

### LPIP Summary

	2011 RM'000	2010 RM'000	%
Revenue	28,075	12,714	120.8
PBT	15,211	7,165	112.3

Industrial Land Sold	65.38 acres	28.32 acres	130.7
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For the year 2012, LMT expect a moderate cargo growth of about 9% on increase in cargo of petroleum products. Pipe gantries for the users to lay their pipelines connecting their plants and LMT are available. Further improvements to the cargo handling systems are being put in place with the necessary infrastructure. Cargo throughput at LBT for year 2012 is expected to remain stable as compared to the previous year.

This infrastructure segment has contributed to the Group's revenue by achieving RM97.22 million (2010: RM79.95 million) with profit before taxation totalling RM47.37 million (2010: RM38.63 million) for the year under review.

## Penyata Pengerusi (Sambungan)

Lumut Port Industrial Park ("LPIP") kepunyaan LMTSB yang bersebelahan dengan kemudahan LMT memajukan dan menjual tanah industri di atas pajakan 89 tahun untuk industri berat, sederhana dan ringan pada harga yang kompetitif. Harga jualan tanah berdasar kepada lokasi, keluasan tanah dibeli dan yang terpenting ialah penggunaan kemudahan pelabuhan. Pada masa kini, 90% tanah telah dijual dan terdapat 108.13 ekar tanah masih ada untuk dijual. Pemilikan asing dibenarkan. Lokasi yang bersebelahan dengan LMT menjadikan ia satu tarikan kepada pelabur.

### Ringkasan LPIP

	2011 RM'000	2010 RM'000	%
Perolehan	28,075	12,714	120.8
Keuntungan sebelum cukai	15,211	7,165	112.3

Jualan tanah industri	65.38 ekar	28.32 ekar	130.7
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Bagi tahun 2012, LMT menjangka pertumbuhan kargo yang sederhana sebanyak 9% hasil dari pengendalian kargo produk-produk petroleum. Paip gantri bagi pengguna-pengguna talian paip yang menghubungkan loji-loji mereka dengan LMT telah siap pembinaannya. Peningkatan tambahan kepada sistem pengendalian kargo berserta infrastruktur yang diperlukan sedang diuruskan. LBT dijangka akan mengurus pengendalian bagi tahun 2012, yang setanding dengan 2011.

Segmen infrastruktur ini telah menyumbang kepada perolehan Kumpulan dengan pencapaian RM97.22 juta (2010: RM 79.95 juta) dan keuntungan sebelum cukai berjumlah RM47.37 juta (2010: RM38.63 juta) bagi tahun bawah kajian.

**CORPORATE REVIEW**

The Company's wholly owned subsidiary, TMSB acquired 20.0 million ordinary shares of RM1 each of ITB for a consideration of RM30.05 million which representing 6.65% of the issued and paid-up capital of ITB in 2010. TMSB continued increasing its shareholding in ITB by acquiring another 1.28 million shares for a consideration of RM1.699 million through the open market. Accordingly, the total shareholding of 7.075% of the issued and paid-up capital of ITB.

The disposal of the entire equity in West Coast Expressway Sdn Bhd (formerly known as Konsortium LPB Sdn Bhd), an associate to the Company was completed in October 2011.

On 28 February 2012, the Company has entered into a conditional Settlement Agreement with Perak Equity Sdn Bhd to partially settle the total debt of RM104.62 million as at 31 December 2011 by PESB to the Company by way of set off against the total purchase consideration of RM70.27 million for two properties to be acquired by the Company from PESB. These transactions are subject to shareholders' approval.

**CORPORATE GOVERNANCE**

Statements of Corporate Governance and Internal Control have been included in the Annual Report. These affirm the Board's commitment in ensuring that good corporate governance compliance is practiced throughout the Group.

**PROSPECTS FOR THE YEAR 2012**

The Group may be able to achieve satisfactory results for the financial year 2012 though its overall results may be affected by the global economic environment.

**TINJAUAN KORPORAT**

*Sebuah anak syarikat milikan penuh, TMSB telah memiliki 20.0 juta saham biasa Integrax Berhad ("ITB") pada harga RM1.00 sesaham pada harga belian RM30.05 juta yang mewakili 6.65% modal dibenar dan berbayar ITB pada tahun 2010. TMSB telah meningkatkan pemilikan saham di dalam ITB dengan memperolehi sebanyak 1.28 juta saham pada harga belian RM1.699 juta melalui pasaran terbuka. Oleh sedemikian jumlah pemilikan saham adalah 7.075% modal diterbitkan dan dibayar di ITB.*

*Pelupusan keseluruhan ekuiti dalam West Coast Expressway Sdn Bhd (dahulunya dikenali sebagai Konsortium LPB Sdn Bhd), syarikat bersekutu bagi Syarikat telah diselesaikan pada Oktober 2011.*

*Pada 28 Februari 2012, Syarikat telah menandatangani satu Perjanjian Penyelesaian Bersyarat dengan Perak Equity Sdn Bhd bagi menyelesaikan sebahagian dari sejumlah hutang sebanyak RM104.62 juta bagi kewangan berakhir pada 31 Disember 2011 oleh PESB kepada Syarikat dengan kaedah ditolak dari jumlah pembelian dua harta yang akan diperolehi oleh Syarikat dari PESB yang kesemuanya bernilai RM70.27 juta. Transaksi-transaksi ini adalah tertakluk kepada kelulusan pemegang-pemegang saham.*

**URUS TADBIR KORPORAT**

*Penyata Urus Tadbir Korporat dan Penyata Kawalan Dalaman adalah termasuk di dalam Laporan Tahunan. Dengan ini, Lembaga menyempurnakan komitmen sepenuhnya untuk memastikan kepatuhan urus tadbir korporat yang baik diamalkan di seluruh Kumpulan.*

**PROSPEK BAGI TAHUN 2012**

*Kumpulan mungkin boleh mencapai keputusan memuaskan bagi tahun kewangan 2012 walaupun keputusan keseluruhannya boleh terjejas oleh persekitaran ekonomi global.*

## **DIVIDEND**

The Board of Directors recommends a final dividend of 3.0 sen per share less 25% taxation (2010: 2.5 sen per share less 25% taxation), totalling RM2.250 million (2010: RM1.875 million) for the financial year ended 31 December 2011, for approval by shareholders at the forthcoming Annual General Meeting ("AGM").

The recommended dividend shall be paid on 16 August 2012, upon approval by shareholders in the forthcoming AGM.

## **APPRECIATION**

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to our shareholders, clients, suppliers and business associates, bankers and various government authorities for their support and confidence in the Group. My appreciation is also extended to the Management and staff for all their dedication and commitment in their work which has resulted in the improved results by the Group.

### **YB DATO' NASARUDIN BIN HASHIM**

DIMP, AMP, BPC, BCM

Chairman

5 June 2012

## **DIVIDEN**

Ahli Lembaga Pengarah mencadangkan dividen akhir 3.0 sen sesaham ditolak 25% cukai (2010: 2.5 sen sesaham ditolak 25% cukai), berjumlah RM2.250 juta (2010: RM1.875 juta) bagi tahun kewangan berakhir 31 Disember 2011, tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan ("AGM") yang akan datang.

Dividen yang dicadangkan akan dibayar pada 16 Ogos 2012 setelah kelulusan diperolehi daripada para pemegang saham di AGM akan datang.

## **PENGHARGAAN**

Saya bagi pihak Lembaga Pengarah, mengambil kesempatan ini untuk menyampaikan ucapan terima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan, pembekal-pembekal dan rakan-rakan niaga, ahli-ahli perbankan dan pelbagai penguatkuasa kerajaan atas sokongan dan keyakinan pada Kumpulan ini. Ucapan penghargaan juga saya rakamkan kepada pihak pengurusan dan kakitangan di atas dedikasi dan komitmen dalam menjalankan tugas yang mana telah menghasilkan peningkatan prestasi yang lebih baik oleh Kumpulan.

### **YB DATO' NASARUDIN BIN HASHIM**

DIMP, AMP, BPC, BCM

Pengerusi

5 Jun 2012



# Business Overview

## INFRASTRUCTURE DEVELOPMENT



**Lumut Port – Your Ideal “Value For Money” Package.** “Lumut Port” is the common business name for **Lumut Maritime Terminal (“LMT”)** and **Lekir Bulk Terminal (“LBT”)** near Sitiawan in Perak, both providing port and maritime services with Lumut Port Industrial Park (“LPIP”) land available for sale by LMT. Both are common user, gazetted customs port designed and equipped to handle dry bulk and liquid bulk.

LMT provides a total integrated service which is inclusive of tugage, pilotage, berthing, stevedorage, cargo handling, storage and ancillary services. It has a negotiable simplified comprehensive tariff structure and is International Ship Port Security code compliant. Quick statistics: berth is 480 m linear berth with 30 m mooring dolphin, able to berth 40,000 tons DWT vessel, 54 m barge berth, handles up to 5,000 tons barge, able to berth two barges at any one time, draft alongside berth 10 m to 12 m, sheltered harbour.

LPIP has a total area of 1,000 acres, net saleable of 885 acres (358 hectares) is suitable for all industrial activities. Land is sold on a fully infrastructured basis for 89 years leasehold tenure. Price of land depends on the exact site location and total acreage purchased. Rental and short term leases are also available. Foreign ownership is permitted. Comprehensive utilities such as electrical power 45 MVA, available 200 MV, potable water 1.5 mg.d (available 7.5 mg.d), telecommunications 500 lines (available 5,000 lines), LPG/industrial gases (by negotiation), pipeline gantry from LPIP to jetty for bulk liquid export-import. Especially suitable for mineral processing activities, non-mineral, chemical and allied activities, basic metal and steel activities, shipbuilding and metal fabrication, import and re-export activities, grain, feedmeal and vegetable oil processing, cold or chill storage and perishables processing, biodiesel and palm oil based products (Bionexus Hub).

LBT is South-east Asia’s largest dry bulk unloading facility, with high volume handling and storage capability and a natural depth of 20 m, alongside. The port is capable of berthing an entire range of vessels up to Capemax size.



## **TOWNSHIP DEVELOPMENT**

Perak Corporation Berhad ("PCB") and its subsidiary companies may develop areas in Perak as follows:

1. BioDcity@MeruRaya  
(MSC status mix-use development located by the North-South Expressway near Ipoh)
2. Bio-Tech Industrial Park\*
3. Forest Arboretum Technology Park (at Perak Hi-Tech Park)\*
4. BioD marine (incorporating Teluk Dalam Resort, Pulau Sembilan and Pangkor Island)\*
5. Herbal Park\*

(\* subject to shareholders' approval)

The development shall be based on BioD Initiatives which are divided into five (5) major segments: research and development, education, ecotourism (leisure and recreation), information and communications technology and events. Objectives are (1) create a sustainable socio-economic development, (2) position BioD Initiatives as a global brand in the areas of climate change and loss of biodiversity, (3) provide BioD resources, research and knowledge to the industry, (4) enhance community awareness of BioD, (5) apply creative media content to increase land value and development potential, (6) collaborate with international license providers to explore the possibility of introducing well known international brands to the development, and (7) position the development as a global leader in BioD tourism and community lifestyle.

PCB with the Perbadanan Kemajuan Negeri Perak ("PKNP") may have MoAs and MoUs with the following agencies: (1) Perak State Parks Corporation for Pulau Sembilan, (2) Perak Department of Fisheries for the water areas in Pulau Sembilan, Pangkor and coastal areas of Manjung, and (3) Perak State Forestry Department for Sungai Pinang Forest Reserve.

PCB-PKNP have taken this initiative to create a platform for the growth of economic development based on biodiversity resources in line with the National Biodiversity agenda. A memorandum of understanding on BioD Initiatives has been made in collaboration with the Singapore National Biodiversity Centre on 21 March 2012. This collaboration will enable a transfer of technology and expertise in BioD Initiatives.

The Perak State Government has applied for support from the Ministry of Finance, Ministry of International Trade and Industry ("MITI") and Ministry of Science, Technology and Innovation for appropriate incentives to realise the BioD Initiatives. A presentation to the Prime Minister's Science Advisors was held on 3 February 2012. A set of briefing notes has been sent to the Performance Management and Delivery Unit ("PEMANDU"), and the Ministry of Natural Resources and Environment ("MNRE") via email on 17 May 2012 and both have confirmed receiving it.

Progress of implementing the above is on-going.

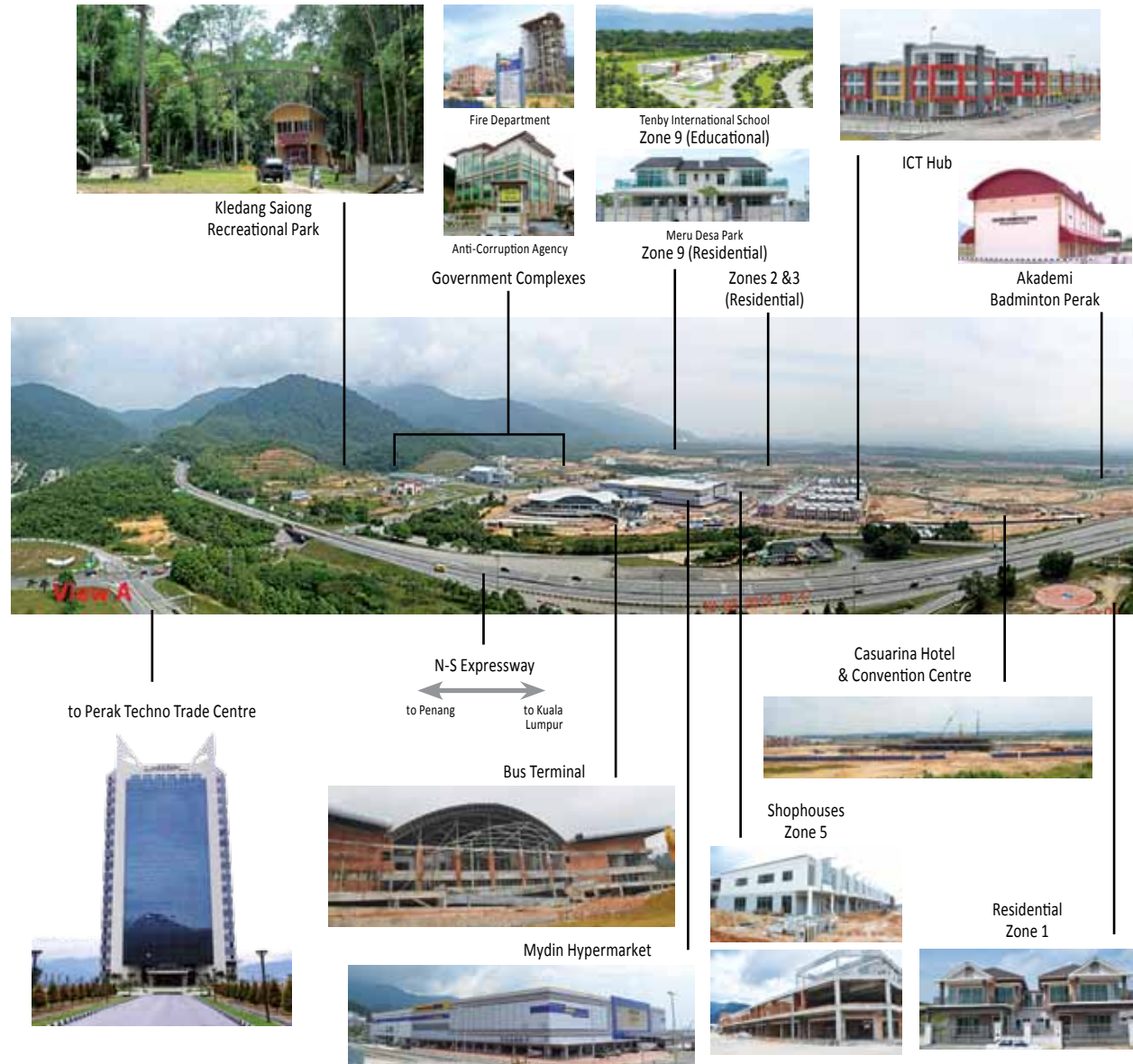


The Star newspaper,  
Metro Perak News, 25 May 2012



# BioD<sub>city@MeruRaya</sub>

MERGING KNOWLEDGE, TECHNOLOGY AND NATURE



## Completion Targets of Casuarina Hotel & Convention Centre

LEVEL	TARGET
Complete	Jun 2013
Roof	Mar 2013
12	Feb 2013
11	Jan 2013
10	Dec 2012
9	Nov 2012
8	Oct 2012
7	Sep 2012
6	Aug 2012
5	Jul 2012
4	Jun 2012
3	May 2012 (on target)



# Statement of Corporate Governance

The Board welcomes the Malaysian Code on Corporate Governance (the “Code”) as it sets out principles (Part 1) and best practices (Part 2) on structures and processes the Group may use in their operations towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Code first issued in March 2000 and then revised in October 2007 had been incorporated into the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements. The principles of the Code are divided into four sections:

- Section 1 : Directors
- Section 2 : Directors’ Remuneration
- Section 3 : Shareholders
- Section 4 : Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied these Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## SECTION 1: DIRECTORS

### Composition of the Board

The Board has six members as at the date of this Statement, all of whom are Non-Executive Directors. Of these, four are Independent and the rest are Non-Independent. No individual or group of individuals dominates the Board’s decision making and the number of directors fairly reflects the nominees of each of the Company’s major shareholders.

YB Dato’ Nasarudin bin Hashim is the Chairman of the Board while Dato’ Samsudin bin Hashim, who is a non-board member, leads the management team. There is a clear division of responsibility between these two roles and between the Non-Executive Board members and the executive management team to ensure a balance of power and authority.

The Company considers that its complement of Non-Executive Directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company’s strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members is set out on pages 9-11.

Two-third of the Board members are Independent Directors since the Company recognises the contribution of Independent Directors as equal Board members in the development of the Company’s strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. The Independent Directors are independent of management and free from any relationship that could interfere with their independent judgement. Tuan Haji Ab Rahman bin Mohammed is the appointed Senior Independent Non-Executive Director.

## Statement of Corporate Governance (Continued)

### Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, material acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has a minimum of four regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2011, the Board held meetings on the following dates: 17 January, 28 February, 11 April, 31 May, 24 August and 25 November. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director is as follows:

	<i>Meeting attendance in 2011</i>
YB Dato' Nasarudin bin Hashim (Chairman)	4/6
Tuan Haji Ab Rahman bin Mohamed	6/6
En. Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri	5/6
Dato' Abd Karim bin Ahmad Tarmizi	6/6
Dato' Dr Vasan a/l Sinnadurai	6/6
YB Datuk Dr Wan Norashikin binti Wan Noordin	4/6

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report of Audit Committee set out on pages 34), and Nomination and Remuneration Committee.

The Board has also set up a Finance and Business Development Committee ("FBDC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business and new businesses being assessed. The FBDC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FBDC comprises an Independent Non-Executive Director, the Group Chief Executive Officer (the Group Chief Financial Officer as his alternate) and headed by the Chairman of the Board. During the financial year, FBDC meetings were held on 24 March, 28 July, 31 October and 29 December.

Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions within the organisation.

## ***Statement of Corporate Governance (Continued)***

### **Supply of Information**

Each Board member receives quarterly operating results, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as full board members or in their individual capacity, in furtherance to their duties. Directors have also direct access to the services of the Company Secretaries who are responsible for ensuring the the Board procedures are followed.

### **Appointments of the Board and Re-election**

The Nomination and Remuneration Committee (“NRC”) comprises three Non-Executive Directors, two of whom are independent. The Committee is headed by En. Wan Hashimi AlBakri bin Wan Ahmad Amin Jaffri and other members are YB Datuk Dr. Wan Norashikin binti Wan Noordin and Dato’ Dr. Vasan a/l Sinnadurai. The NRC is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate’s ability to discharge the expected responsibilities.

The Board through the NRC ensures that it recruits to the Board individuals of sufficient calibre, knowledge, integrity, professionalism and experience to fulfill the duties of a director. The Chairman of the Board together with the Group Chief Executive Officer shall give informal briefings to the new directors. All the Directors have attended the Mandatory Accreditation Programme as prescribed by BMSB on their appointment as directors of the Company as part of the induction exercise on joining the Board.

The NRC shall evaluate annually the effectiveness of each individual director and of the Board as a whole.

In addition, all directors are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties. In this connection, the directors have adopted the Guidelines for Directors’ Training Needs as recommended by the NRC. The guidelines require each director to attend at least one (1) seminar/course/workshop during the financial year.

The Company has organised site visits and briefings by the management of the core subsidiaries to give the directors a better understanding of their operations. In addition, some of the directors have also attended talks, seminars and conferences to further enhance their skills and knowledge.

The directors have direct access to the advice and the services of the Company Secretaries, who are responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Group’s own records and for the purposes of complying with the requirements of the Companies Act 1965, BMSB Main Market Listing Requirements and other regulatory requirements. Upon appointment, directors are advised of their legal and other obligations as a director of a public listed company.



## Statement of Corporate Governance (Continued)

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to re-election at the next Annual General Meeting ("AGM") after their appointment. The Articles also provided that at least one-third of the Board is subject to re-election at regular intervals of at least once every three years. In addition, pursuant to Section 129(6) of the Companies Act, 1965, directors who are over the age of 70 years are required to submit themselves for re-appointment annually.

During the financial year, NRC meetings were held on 11 April and 25 November. The attendance of the members is as follows:

	<i>Meeting attendance in 2011</i>
En. Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri (Chairman)	1/2
Dato' Dr Vasan a/l Sinnadurai	2/2
YB Datuk Dr Wan Norashikin binti Wan Noordin	1/2

## SECTION 2: DIRECTORS' REMUNERATION

### Remuneration Policy and Procedure

For the remuneration policy, the NRC reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The decision to determine the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the NRC with ultimate approval of shareholders at the AGM.

### Directors' Remuneration

The aggregate remuneration of the current directors, all of whom are non-executives of the Company for the financial year ended 31 December 2011 is as follows:

	<b>RM</b>
Company: fees and attendance allowances	174,400
Subsidiary companies: salaries, allowances and benefit-in-kind	126,500
Total	<u>300,900</u>

Band of remuneration for the financial year ended 31 December 2011 is as follows:

<b>Band of remuneration</b>	<b>Non-Executive Directors</b>
Below RM50,000	5
RM50,001 – RM100,000	–
RM100,001 – RM150,000	1

The Board of Directors is of the opinion that the non-disclosure of the individual remuneration of each Director will not significantly affect the understanding and evaluation of the Group governance.

## **SECTION 3: SHAREHOLDERS**

### **Investor Relations and Shareholders Communication**

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company through the Annual Report, AGM and extraordinary general meeting (if required). Announcements and release of financial results on a quarterly basis, semi-annual returns and business acquisitions and disposals, provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the full financial results and the Company's announcements from the BMSB's website and the Company's website [[www.pkcorp.com.my](http://www.pkcorp.com.my)].

In addition, nominees of the Company's substantial shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and shareholders. Any queries from other shareholders are communicated through the Company Secretaries.

### **Annual General Meeting ("AGM")**

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of meeting.

Besides, the usual agenda for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The directors and the Group Chief Executive Officer are available to provide responses to questions from the shareholders during the meeting.

For re-election of directors, the Board shall ensure that full information shall be disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issue involved shall accompany items of special business included in the notice of the meeting.

## **SECTION 4: ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

For financial reporting through quarterly reports to BMSB and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out on page 42 of this Annual Report.

### **Internal Control**

The Board takes responsibility for the Group's internal control system and risk management and for reviewing its adequacy and integrity. The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment. The Group has in place an adequacy resourced internal audit department of the Company's ultimate holding corporation.

The Statement on Internal Control as set out on pages 30 in this Annual Report provides an overview of the state of internal controls within the Group.

### **Relationship with Auditors**

The role of the Audit Committee in relation to the auditors can be found in the Report of Audit Committee set out on pages 34. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

## **SECTION 5: CORPORATE SOCIAL RESPONSIBILITY**

The Company has established a Corporate Social Responsibility ("CSR") framework which places a firm commitment towards achieving a balance between profitability and contribution in CSR activities.

With the CSR framework in place, the Company and its subsidiaries strive to integrate CSR initiatives in every aspect of its business focusing on its employees, its shareholders, its customers, the environment and society as a whole, in addition to complying with all applicable legal and regulatory requirements.

The Group has contributed and shall continuously endeavour to play a role towards the following CSR activities:

- (a) The Bandar Meru Raya township with the MSC Malaysia Cyber Centre status shall provide the community with improved and higher quality standard of living through enhancements of new infrastructure and a cleaner environment. On 6 January 2011, Biodiversity (BioD) Initiatives were launched in this township which is an integration of BioD conservation practice and socio-economic development to achieve sustainable socio-economic growth.
- (b) The establishment of LMT BioHub shall provide the beneficial impact of the gradual changeover from high pollution fossil fuels to clean biofuels, which are renewable resources, on the overall reduction of carbon dioxide emissions and global warming.
- (c) The commitment towards the community by supporting and donating to charitable causes and disaster relief funds organised by the local governments and non-profitable organisations. Providing financial assistance in the nurturing of youths with the potential to excel in sports activities and programmes for poverty stricken families by the provision of training opportunities to attain various business or working skills.



## ***Statement of Corporate Governance (Continued)***

- (d) The development of Bumiputra skills in management and entrepreneurship in the various core activities of the Group.
- (e) Local communities being encouraged and assisted to participate actively in tourism products such as Homestay visitors programmes in Perak and the provision of facilities and support to 6 such Homestay programmes in Perak.
- (f) To promote a healthy balance between personal and career development of employees of the group by them attending seminars and training. In addition, they are encouraged to perform voluntary duties in various social activities.

# Statement on Internal Control

## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("BMSB") Main Market Listing Requirements require directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. In this respect the Statement on Internal Controls: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidelines to assist listed issuers in making disclosure in their annual reports on the state of internal control in compliance with BMSB Main Market Listing Requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Internal Control Guidance.

## BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements. The Board shall regularly review this process and accords with the Internal Control Guidance.

## RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance. The terms of reference of the Audit Committee has been extended to assist the Board towards the compliance of their responsibility. With the assistance of the internal audit department of the ultimate holding corporation, a structured risk management framework for the Group has been put in place. The recommended risk framework, which was previously presented to the Audit Committee for adoption by the Group, involves the following:

### 1. Group Risk Management Committee

The Group Risk Management Committee is responsible to identify continuously and communicate to the Audit Committee, which in turn would report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

## ***Statement on Internal Control (Continued)***

### **2. Risk Management Policies and Procedures Manual**

This manual serves to outline the risk management framework for the Group and would offer practical guidance to all employees on risk management issues.

### **3. Key Management Staff**

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

### **4. Risk Management Reporting**

Regular risk management reporting by the head of operating units/ key management staff to the Group Risk Management Committee.

The above risk management framework has been fully implemented to effectively address critical business risks.

For the financial year under review, it has been established at the Group level that the review of the adequacy and integrity of the system of internal control shall include the following: -

- Assess the competency and suitability of the members of respective subsidiaries risk management committee;
- Require regular risk management reporting (at least once every quarter) from each company within the Group to the holding company according to pre-determined schedule;
- Action plans to be submitted by the respective risk management committees;
- To receive and discuss reports and executive summaries from the companies and thereafter to discuss these reports at the Audit Committee meeting of the Company on a quarterly basis.
- To incorporate progressively the use of benchmarking and key performance indicators as effective operational and financial performance measures.

## **INTERNAL AUDIT**

The Group, via the ultimate holding corporation's internal audit department provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the Internal Auditors carried out audits of the operating units including subsidiaries based on an internal audit plan approved by the Audit Committee. The audit reports were tabled at the Audit Committee meetings, where Audit Committee members reviewed the findings with management. Internal auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

## **OTHER KEY ELEMENTS OF INTERNAL CONTROL**

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

### **1. Organisational Structure**

The Group has in place an organisational structure with clearly defined lines of accountability and delegated authority.

### **2. Policies and Operating Procedures Manual**

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following:

#### **2.1 Financial Authority Limits**

The Financial Authority Limits define financial limits of purchases of goods/services and capital expenditure for each level of management within the Group.

#### **2.2 Budgeting**

Budgets are generated annually at each operating unit. The budgets will then be reviewed by the Finance and Business Development Committee and thereafter presented to the Board for final review and approval.

#### **2.3 Tender Committee**

Major purchases of goods and services and contract works are required to be tendered out and submitted to the Board Tender Committee at subsidiary companies' level for review and approval.

### **3. Management Financial Report**

Quarterly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. This involves the inclusion of the Group Statements of Financial Position, the Group Statements of Changes in Equity and Group Statements Cash Flows being presented to the Board.

### **4. Investment Appraisal**

Investment proposals covering acquisition of property and long term investments shall be thoroughly appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a regular basis. Likewise, similar action is taken in respect of disposal of property/long term investments/subsidiaries.

## ***Statement on Internal Control (Continued)***

### **5. Group Financial Management Meeting**

Group Financial Management Meetings are held to monitor the progress and performance of each business unit and copy of the minutes are circulated to the Group Chief Executive Officer for his information.

### **CONCLUSION**

A number of minor structural weaknesses were identified during the period, all of which have been addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report.

# Report of Audit Committee

## COMPOSITION

	<i>Meeting attendance in 2011</i>
Tuan Haji Ab Rahman bin Mohamed (Chairman) <i>Senior Independent Non-Executive</i>	6/6
YB Datuk Dr Wan Norashikin binti Wan Noordin <i>Independent Non-Executive</i>	2/6
Dato' Dr Vasan a/l Sinnadurai <i>Independent Non-Executive</i>	6/6

## KEY FUNCTIONS, ROLES AND RESPONSIBILITIES

The Audit Committee shall:

- (a) Recommend to the Board the appointment and reappointment of the external auditors, their audit fees and any question of their resignation or dismissal.
- (b) Discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.
- (c) Review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on:
  - Changes in or implementation of major accounting policy changes;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- (d) Discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.
- (e) Review the adequacy of the scope, function, competency and resources and the effectiveness of the internal audit function.
- (f) Review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

## ***Report of Audit Committee (Continued)***

- (g) Review the Risk Management Framework of the Group, the significant risks identified for the Group and the findings highlighted by the Internal Auditors.
- (h) Review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) Review the adequacy and effectiveness of risk management, internal controls and governance systems.
- (j) Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as Internal Auditors.
- (k) Review and investigate any activities within its terms of reference and any other activities as authorised by the Board.
- (l) Obtain independent professional or other advice, whenever necessary in carrying out its duties.
- (m) Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- (n) Prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.
- (o) Report to Bursa Malaysia Securities Berhad (“BMSB”) where the Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of BMSB Main Market Listing Requirements.

## **MEETINGS**

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its duty to foster open communications, the Group Chief Executive Officer, the Group Chief Financial Officer and the Head of Internal Audit of the Company’s ultimate holding corporation and a representative of the external auditors (if required) will normally attend the meetings. Other Board members may attend meetings upon invitation by the Committee.



## **SUMMARY OF ACTIVITIES**

The Committee met 6 times during the financial year under review for the following purposes:

- To review the financial statements before the quarterly announcements to BMSB;
- To review the year end financial statements together with external auditors' management letter and management's response;
- To discuss with the external auditors, the audit plan and scope for the year, as well as the audit procedures to be utilised;
- To discuss with the internal auditors on its scope of work, adequacy of resources and coordination with the external auditors;
- To review the reports prepared by the internal auditors on the state of internal control of the Group.
- To review related party transactions and recurrent related party transactions entered into by the Company and its subsidiary companies.

In 2011, the Committee held meetings on the following dates: 17 January, 28 February, 11 April, 30 May, 23 August and 24 November. The attendance of the members is as shown above.

## **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported adequately by the internal audit department from the Company's ultimate holding corporation, which would outsource any consultant or professional firm if there was a requirement to do so. The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

The internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. In 2011, a series of review of the risk management framework of the group and the audits of the operating units including subsidiaries were carried out. The audit reports were tabled at the Audit Committee Meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditor's recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place. The cost incurred by the Company for the internal audit function amounted to RM100,000 in respect of the annual fee paid to the Company's ultimate holding corporation for the year 2011.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 30 to 33.

# Additional Compliance Information

## RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF REVENUE NATURE

RRPTs of revenue nature conducted during the financial year are as follows:

<i>Type of RRPT</i>	<i>Name of Related Party</i>	<i>Relationship with the Company</i>	<i>Actual Value Period: 1/1/11 – 31/12/11 (RM)</i>
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak (“PKNP”)	Ultimate Holding Corporation	2,023,549
Management services provided to the Company	PKNP	Ultimate Holding Corporation	800,000
Project services provided to the Company	PKNP	Ultimate Holding Corporation	800,000
Rental and disbursements payable by the Company	PKNP	Ultimate Holding Corporation	346,348
Management services provided to a subsidiary, Lumut Maritime Terminal Sdn Bhd (“LMT”)	Integrax Berhad (“ITB”)	See note 1 below	0
Operation and maintenance provided by a subsidiary, LMT	Lekir Bulk Terminal Sdn Bhd (“LBT”)	See note 2 below	30,035,062
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd (“RR”)	See note 3 below	5,950,638

Relationship with the Company:

1. Taipan Merit Sdn Bhd (“TMSB”), a wholly owned subsidiary of PCB and Perak Equity Sdn Bhd (“PESB”) (formerly known as Kuda Sejati Sdn Bhd) is a wholly owned subsidiary of PKNP, hold 6.65% and 8.41% of the equity interest of ITB respectively, LMT is an associated company of Pelabuhan Lumut Sdn Bhd (“PL”) which holds 50% less 1 share of its equity. PL is a wholly owned subsidiary of ITB. No fees were paid and payable during the current financial year (2010: RM450,000).
2. LBT is a subsidiary of PL, which holds 80% of its equity interest, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn Bhd, an unrelated company to PCB Group and its Directors.

### ***Additional Compliance Information (Continued)***

3. RR is a wholly owned subsidiary of P.T. Tanah Laut, Tbk (formerly known as PT Indoexchange, Tbk), a limited company listed on the Indonesia Stock Exchange which in turn is a 70.31% subsidiary of Equatorex Sdn Bhd ("ESB"). Harun Halim Rasip ("HHR") who is a substantial shareholder of ESB and is a brother of Amin Halim Rasip, a director of LMT, LBT, PL and ITB. HHR retired as a director of LMT on 10 May 2011.

### **MATERIAL CONTRACTS**

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving the interest of the Directors and major shareholders except as disclosed in Note 39 of the Financial Statements of the Company for the financial year ended 31 December 2011.

### **Impositions of Sanctions/Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant authorities.

### **Non-Audit Fees**

There were assurance related non-audit fees of RM5,000 (2010: RM35,000) and tax compliance services of RM31,592 (2010: RM19,700) payable by the Company and its subsidiaries to the External Auditors of the Company and to a company affiliated to them respectively.

# Summary of Properties as at 31 December 2011

Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings)		Existing Use
				Net	Book Value	
Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.01.1997 31 years RM9,802,926		Rented to Perbadanan Kemajuan Negeri Perak except for second and seventh floor occupied by the Company
Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	141.53	Freehold	Agricultural land with approval for mixed development from Pejabat Pengarah Tanah & Galian	31.12.1997 RM23,242,502		Agriculture (proposed for mixed development)
No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey institutional building	1.1.2002 10 years RM3,931,677.21		Unoccupied
(a) No. HSD 159908, PT 213246	0.0616	Freehold	Double storey buildings	30.9.2011 3 months RM1,293,500.00		Vacant
(b) No. HSD 159909, PT 213247	0.0650					
(c) No. HSD 159910, PT 213248	0.0650					
Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.						
Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 RM733,187		Port operations
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse & office complex building, and port land area	10.4.1997 16 years RM83,110,683		Port operations
Plot A Zone 5 Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan	12.88	Freehold	Vacant land	24.12.2010 RM14,000,000		Proposed hotel, convention centre and office tower (under construction)

# Analysis of Shareholdings as at 23 May 2012

Authorised Capital	:	RM500,000,000
Issued and Fully Paid-Up Capital	:	RM100,000,000
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per shareholder on a show of hands One vote per ordinary share on a poll

## DISTRIBUTION OF SHAREHOLDERS (Based on the Record of Depositors)

<i>No. of holders</i>	<i>Holdings</i>	<i>Total shareholdings</i>	<i>%</i>
260	Less than 100	12,420	0.01
151	100 to 1,000	95,327	0.10
1,822	1,001 to 10,000	6,369,525	6.37
349	10,001 to 100,000	10,541,600	10.54
64	100,001 to 4,999,999	25,349,878	25.35
2	5,000,000* and above	57,631,250	57.63
2,648		100,000,000	100.00

Notes: \* Denotes 5% of the issued capital

## SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

(Based on the Company's Register of Substantial Shareholders)

<i>No.</i>	<i>Name of holders</i>	<i>No. of shares held</i>			
		<i>Direct</i>	<i>%</i>	<i>Deemed</i>	<i>%</i>
1.	Perbadanan Kemajuan Negeri Perak	52,271,253 <sup>*1</sup>	52.27	627,150 <sup>*2</sup>	0.63
2.	Sime Darby Property Berhad	6,125,000	6.13	—	—

Notes :

\*1. Including 51,506,250 shares held through CIMB Group Nominees (Tempatan) Sdn Bhd

\*2. Deemed interest through its wholly owned subsidiaries, Sergap Berkat Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd

## DIRECTORS' SHAREHOLDINGS (Based on the Company's Register of Directors Shareholdings)

<i>No.</i>	<i>Name of holders</i>	<i>No. of shares held</i>			
		<i>Direct</i>	<i>%</i>	<i>Deemed</i>	<i>%</i>
1.	Tuan Haji Ab Rahman bin Mohammed	—	—	5,000 <sup>*1</sup>	0.01
2.	Dato' Dr Vasan a/l Sinnadurai	30,000	0.03	—	—

Note: \*1. Deemed interest through his spouse

## Analysis of Shareholdings as at 23 May 2012 (Continued)

### THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)

No.	Name	No. of shares held	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Bhd for Perbadanan Kemajuan Negeri Perak (CBD-NR-PERAKCB)</i>	51,506,250	51.51
2	Sime Darby Property Berhad	6,125,000	6.13
3	KAF Trustee Berhad <i>KAF Fund Management Sdn Bhd for KAF Seagroatt &amp; Campbell Berhad</i>	4,378,000	4.38
4	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank Ag Singapore for Horizon Growth Fund N.V.</i>	3,136,600	3.14
5	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	1,703,100	1.70
6	Perbadanan Kemajuan Negeri Perak	765,003	0.76
7	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun (E-KLC)</i>	544,000	0.54
8	Kenanga Nominees (Asing) Sdn Bhd <i>Cantal Capital Inc.</i>	520,000	0.52
9	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Kian Lang (CEB)</i>	475,200	0.47
10	Lim Pei Tiam @ Liam Ahat Kiat	440,000	0.44
11	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Yap Wai Leong (SFC)</i>	435,000	0.43
12	Foo Lim Get	430,000	0.43
13	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Teoh Beng Tiang (SFC)</i>	420,000	0.42
14	OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for Hoo Pak @ Hor Ker Pay</i>	408,100	0.41
15	OSK Nominees (Tempatan) Sdn Berhad <i>Pledged Securities Account for So Kim Seng</i>	397,000	0.40
16	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	391,000	0.39
17	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chia Song Ngee (REM 166)</i>	380,000	0.38
18	Renfield Investment Limited	380,000	0.38
19	Cimsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Siow Hu (Segamat-CL)</i>	376,400	0.38
20	Cherry Blossom Sdn Bhd	367,150	0.37
21	KAF Trustee Berhad <i>KAF Fund Management Sdn Bhd for Yayasan Istana Abdul Aziz</i>	360,000	0.36
22	KAF Trustee Berhad <i>KAF Fund Management Sdn Bhd for DYMM Tuanku Bainun Mohd Ali</i>	351,000	0.35
23	Wong Shak On	326,450	0.33
24	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Joseph Lam Wai</i>	320,000	0.32
25	Lim Pay Kaon	300,000	0.30
26	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ooi Chin Hock (8058312)</i>	297,400	0.30
27	Lim Boon Hing	290,100	0.29
28	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Ai Ming (E-KLC)</i>	262,200	0.26
29	Tee Kiam Heng	260,000	0.26
30	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Kiam Hsung</i>	259,700	0.26
		<b>76,604,653</b>	<b>76.61</b>



# Statement of Directors' Responsibilities

## In Respect Of The Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Complied with the applicable MASB approved accounting standards in Malaysia.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.



**Perak Corporation Berhad**

(210915-U)

INCORPORATED IN MALAYSIA

**DIRECTORS' REPORT AND  
AUDITED FINANCIAL STATEMENTS  
31 DECEMBER 2011**

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## Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

## Principal activities

The principal activities of the Company consist of property and investment holding, real property development and provision of management services.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

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

## Results

	<b>Group RM</b>	<b>Company RM</b>
Profit net of tax	<u>47,383,343</u>	<u>6,497,029</u>
Profit attributable to:		
Owners of the parent	29,598,142	6,497,029
Non-controlling interests	<u>17,785,201</u>	<u>-</u>
	<u>47,383,343</u>	<u>6,497,029</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividend

The amount of dividend paid by the Company since 31 December 2010 was as follows:

**RM**

In respect of the financial year ended 31 December 2010 as reported  
in the directors' report of that year:

Final dividend of 2.5% less 25% taxation, on 100,000,000 ordinary shares, approved on 31 May 2011 and paid on 15 July 2011	<u>1,875,000</u>
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At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2011, of 3.0% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM2,250,000 (2.25 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2012.

## Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YB Dato' Nasarudin Bin Hashim  
Wan Hashimi Albakri Bin Wan Ahmad Amin Jaffri  
Tuan Haji Ab Rahman Bin Mohammed  
Dato' Abd Karim Bin Ahmad Tarmizi  
Dato' Dr Vasan A/L Sinnadurai  
YB Datuk Dr Wan Norashikin Bt Wan Noordin

## Directors' benefits

Neither at the end of the financial year, nor at any time during that 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' benefits (contd.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 10 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

### Directors' interests

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

	Number of ordinary shares of RM1 each			
	1 January 2011	Bought	Sold	31 December 2011
<b>The Company</b>				
Tuan Haji Ab Rahman Bin Mohammed - indirect*	5,000	-	-	5,000
Dato' Dr Vasan A/L Sinnadurai - direct	-	30,000	-	30,000

*\*deemed interest through his spouse/issue*

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.



### **Other statutory information (contd.)**

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### **Significant and/or recurring events**

The significant and/or recurring events during the financial year are as disclosed in Note 38 to the financial statements.

**Subsequent events**

Details of subsequent events are disclosed in Note 39 to the financial statements.

**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2012.

YB Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

**Statement by directors****Pursuant to Section 169(15) of the Companies Act, 1965**

We, YB Dato' Nasarudin Bin Hashim and Tuan Haji Ab Rahman Bin Mohammed, being two of the directors of Perak Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 124 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 45 to the financial statements on page 125 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2012.

YB Dato' Nasarudin Bin Hashim

Tuan Haji Ab Rahman Bin  
Mohammed

Ipoh, Perak Darul Ridzuan, Malaysia

**Statutory declaration****Pursuant to Section 169(16) of the Companies Act, 1965**

I, Harbhajan Singh A/L Ujagar Singh, AMP, PPT, being the officer primarily responsible for the financial management of Perak Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 125 are in my opinion 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.

Subscribed and solemnly declared  
by the abovenamed Harbhajan Singh A/L  
Ujagar Singh, AMP, PPT at Ipoh  
in the State of Perak Darul Ridzuan  
on 27 April 2012.

Harbhajan Singh A/L  
Ujagar Singh, AMP, PPT

Before me,

Commissioner for Oaths  
Nasaruddin Bin Ahmad (A181)

Independent auditors' report to the members of  
Perak Corporation Berhad  
(Incorporated in Malaysia)

## Report on the financial statements

We have audited the financial statements of Perak Corporation Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 124.

### *Directors' responsibility for the financial statements*

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

### *Auditors' responsibility*

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

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

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

Independent auditors' report to the members of  
Perak Corporation Berhad (contd.)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 45 on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material aspects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent auditors' report to the members of  
Perak Corporation Berhad (contd.)

Other matters (contd.)

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Leong Chooi May  
No. 1231/03/13 (J)  
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia  
Date: 27 April 2012



**Statements of comprehensive income**  
**For the financial year ended 31 December 2011**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
Revenue	3	128,908,036	103,498,122	10,576,216	16,012,498
Cost of sales	4	(48,120,071)	(40,128,512)	(1,803,925)	(8,532,602)
<b>Gross profit</b>		<b>80,787,965</b>	<b>63,369,610</b>	<b>8,772,291</b>	<b>7,479,896</b>
<b>Other items of income</b>					
Interest income	5	7,697,833	5,679,771	2,875,378	2,596,326
Dividend income from quoted unit trusts		-	114,640	-	-
Other income	6	3,826,814	3,161,709	65,458	331,511
<b>Other items of expense</b>					
Administrative expenses		(20,710,635)	(16,223,082)	(1,504,223)	(1,252,480)
Finance costs	7	(4,529,952)	(3,857,949)	(8,012)	(7,469)
Other expenses		(3,431,873)	(6,066,493)	(1,896,826)	(2,001,706)
Share of loss of associate		-	(1,437)	-	-
<b>Profit before tax</b>	8	<b>63,640,152</b>	<b>46,176,769</b>	<b>8,304,066</b>	<b>7,146,078</b>
Income tax expense	11	(16,256,809)	(13,831,128)	(1,807,037)	(2,304,457)
<b>Profit net of tax</b>		<b>47,383,343</b>	<b>32,345,641</b>	<b>6,497,029</b>	<b>4,841,621</b>
<b>Other comprehensive income:</b>					
Net (loss)/gain on available -for-sale financial assets					
- (Loss)/Gain on fair value changes		(6,403,771)	2,953,800	-	-
- Transfer to profit or loss upon disposal		-	(42,046)	-	-
		<b>(6,403,771)</b>	<b>2,911,754</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>40,979,572</b>	<b>35,257,395</b>	<b>6,497,029</b>	<b>4,841,621</b>

**Statements of comprehensive income**  
**For the financial year ended 31 December 2011 (contd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011 RM</b>	<b>2010 RM</b>	<b>2011 RM</b>	<b>2010 RM</b>
<b>Profit attributable to:</b>					
Owners of the parent		29,598,142	17,755,398	6,497,029	4,841,621
Non-controlling interests		17,785,201	14,590,243	-	-
		<u>47,383,343</u>	<u>32,345,641</u>	<u>6,497,029</u>	<u>4,841,621</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		23,194,371	20,667,152	6,497,029	4,841,621
Non-controlling interests		17,785,201	14,590,243	-	-
		<u>40,979,572</u>	<u>35,257,395</u>	<u>6,497,029</u>	<u>4,841,621</u>
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	12	<u>29.60</u>	<u>17.76</u>		
Diluted	12	<u>29.60</u>	<u>17.76</u>		

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Statements of financial position**  
**As at 31 December 2011**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	49,330,982	47,652,365	10,058,535	10,113,876
Port facilities	14	86,305,980	86,445,961	-	-
Investment properties	15	5,225,177	-	-	-
Land held for property development	16	17,426,502	18,948,975	-	-
Investments in subsidiaries	17	-	-	175,117,720	175,117,720
Investments in associate	18	-	1,985,562	-	3,992,793
Other investments	19	28,018,028	33,016,341	16,341	16,341
Intangible assets	20	23,811,003	23,811,003	-	-
		<u>210,117,672</u>	<u>211,860,207</u>	<u>185,192,596</u>	<u>189,240,730</u>
<b>Current assets</b>					
Property development costs	16	146,018,976	151,226,298	68,927,059	52,200,366
Inventories	21	5,260,272	5,662,670	-	-
Trade and other receivables	22	166,070,551	140,263,036	134,959,058	151,142,255
Other current assets	23	206,077	231,132	-	-
Tax recoverable		870,677	3	388,120	-
Cash and bank balances	24	146,713,619	146,604,062	10,124,923	11,635,620
		<u>465,140,172</u>	<u>443,987,201</u>	<u>214,399,160</u>	<u>214,978,241</u>
<b>Total assets</b>		<u>675,257,844</u>	<u>655,847,408</u>	<u>399,591,756</u>	<u>404,218,971</u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Retrenchment benefits	25	-	820,706	-	-
Retirement benefits	26	-	-	-	-
Loans and borrowings	27	77,232,855	77,282,883	60,051,610	60,031,337
Trade and other payables	29	32,582,308	38,808,915	1,683,041	10,418,259
Tax payable		3,649,536	1,697,750	-	578,385
		<u>113,464,699</u>	<u>118,610,254</u>	<u>61,734,651</u>	<u>71,027,981</u>
<b>Net current assets</b>		<u>351,675,473</u>	<u>325,376,947</u>	<u>152,664,509</u>	<u>143,950,260</u>

**Statements of financial position**  
**As at 31 December 2011 (contd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-current liabilities</b>					
Retirement benefits	26	257,445	221,445	-	-
Loans and borrowings	27	35,549,182	40,363,593	124,981	80,895
Deferred tax liabilities	30	5,569,993	5,340,164	-	-
		<u>41,376,620</u>	<u>45,925,202</u>	<u>124,981</u>	<u>80,895</u>
<b>Total liabilities</b>		<u>154,841,319</u>	<u>164,535,456</u>	<u>61,859,632</u>	<u>71,108,876</u>
<b>Net assets</b>		<u>520,416,525</u>	<u>491,311,952</u>	<u>337,732,124</u>	<u>333,110,095</u>
<b>Equity attributable to owners of the parent</b>					
Share capital	31	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	32	172,770,440	172,770,440	172,770,440	172,770,440
Fair value adjustment reserve	33	(3,449,971)	2,953,800	-	-
Retained earnings	34	162,042,157	134,319,015	64,961,684	60,339,655
		<u>431,362,626</u>	<u>410,043,255</u>	<u>337,732,124</u>	<u>333,110,095</u>
Non-controlling interests		89,053,899	81,268,697	-	-
<b>Total equity</b>		<u>520,416,525</u>	<u>491,311,952</u>	<u>337,732,124</u>	<u>333,110,095</u>
<b>Total equity and liabilities</b>		<u>675,257,844</u>	<u>655,847,408</u>	<u>399,591,756</u>	<u>404,218,971</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Statements of changes in equity  
For the financial year ended 31 December 2011**

2011 Group	Note	Attributable to owners of the parent					
		Equity total RM	Equity attributable to owners of the parent total RM	Non distributable		Distributable	Non- controlling interests RM
				Share capital RM	Share premium RM		
Opening balance at 1 January 2011		491,311,952	410,043,255	100,000,000	172,770,440	134,319,015	81,268,697
Total comprehensive income		40,979,572	23,194,371	-	-	29,598,142	17,785,201
Transactions with owners							
Dividend	35	(1,875,000)	(1,875,000)	-	-	(1,875,000)	-
Dividend paid by a subsidiary to a non-controlling shareholder		(9,999,999)	-	-	-	-	(9,999,999)
Total transactions with owners		(11,874,999)	(1,875,000)	-	-	(1,875,000)	(9,999,999)
Closing balance at 31 December 2011		520,416,525	431,362,626	100,000,000	172,770,440	162,042,157	89,053,899

**Statements of changes in equity  
For the financial year ended 31 December 2011 (contd.)**

2010 Group	Note	Attributable to owners of the parent					
		Equity total RM	Equity attributable to owners of the parent total RM	Non distributable		Distributable	Non- controlling interests RM
				Share capital RM	Share premium RM		
Opening balance at 1 January 2010		467,436,447	391,251,103	100,000,000	172,770,440	118,438,617	76,185,344
Total comprehensive income		35,257,395	20,667,152	-	-	17,755,398	14,590,243
Transactions with owners							
Dividend	35	(1,875,000)	(1,875,000)	-	-	(1,875,000)	-
Acquisition of non-controlling shares		(9,506,890)	-	-	-	-	(9,506,890)
Total transactions with owners		(11,381,890)	(1,875,000)	-	-	(1,875,000)	(9,506,890)
Closing balance at 31 December 2010		491,311,952	410,043,255	100,000,000	172,770,440	134,319,015	81,268,697



**Statements of changes in equity  
For the financial year ended 31 December 2011 (contd.)**

Company	Note	Equity total RM	Non distributable			Distributable Retained earnings RM
			Share capital RM	Share premium RM	Share premium RM	
<b>Opening balance at 1 January 2011</b>		333,110,095	100,000,000	172,770,440	60,339,655	
<b>Total comprehensive income</b>		6,497,029	-	-	6,497,029	
<b>Transactions with owners</b>						
Dividend	35	(1,875,000)	-	-	(1,875,000)	
<b>Closing balance at 31 December 2011</b>		337,732,124	100,000,000	172,770,440	64,961,684	
<b>Opening balance at 1 January 2010</b>		330,143,474	100,000,000	172,770,440	57,373,034	
<b>Total comprehensive income</b>		4,841,621	-	-	4,841,621	
<b>Transactions with owners</b>						
Dividend	35	(1,875,000)	-	-	(1,875,000)	
<b>Closing balance at 31 December 2010</b>		333,110,095	100,000,000	172,770,440	60,339,655	

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Statements of cash flows**  
**For the financial year ended 31 December 2011**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Operating activities</b>				
Profit before tax	63,640,152	46,176,769	8,304,066	7,146,078
<u>Adjustments for:</u>				
Allowance for impairment loss on receivables	1,059,987	831,435	48,028	-
Depreciation				
- property, plant and equipment	774,533	632,864	206,322	195,152
- port facilities	2,448,557	2,361,752	-	-
- investment properties	6,500	-	-	-
Dividend income				
- quoted unit trusts	-	(114,640)	-	-
- other investment	(3,200,000)	-	-	-
- a subsidiary	-	-	(6,666,667)	(2,565,345)
Excess of Group's share in the net fair value of the subsidiary's identifiable net assets arising from the acquisition of non-controlling interest	-	(1,467,440)	-	-
Impairment loss on receivables	-	286,482	-	-
Interest expenses	4,529,952	3,857,949	8,012	7,469
Interest on late payment	-	710,379	-	229,323
Interest income	(4,997,214)	(5,679,771)	(1,569,766)	(2,596,326)
Gain on disposal of				
- Property, plant and equipment	(34,995)	-	(16,497)	-
- Port facilities	(84,999)	-	-	-
Gain on disposal of investments in associate	(2,014,438)	-	(7,207)	-
Property, plant and equipment written off	329	14,338	-	-
Port facilities written off	157,675	-	-	-
Provision for retirement benefits	36,000	37,732	-	-
Provision for retrenchment benefits	-	824,283	-	-
Reversal of provision for retirement benefits no longer required	(7,417)	-	-	-
Reversal of impairment loss on receivables	(625,643)	(258,932)	-	-
Share of loss of associate	-	1,437	-	-
<b>Adjustments for carried forward</b>	<b>(1,951,173)</b>	<b>2,037,868</b>	<b>(7,997,775)</b>	<b>(4,729,727)</b>

# **Statements of cash flows**

**For the financial year ended 31 December 2011 (contd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Adjustments for brought forward</b>	(1,951,173)	2,037,868	(7,997,775)	(4,729,727)
Waiver of late payment interest	(2,700,619)	-	(1,305,612)	-
Waiver of debts	(50,000)	-	-	-
Total adjustments	(4,701,792)	2,037,868	(9,303,387)	(4,729,727)
<b>Operating cash flows before changes in working capital</b>	58,938,360	48,214,637	(999,321)	2,416,351
<b>Changes in working capital:</b>				
Property development costs	6,729,795	(14,596,511)	(16,726,693)	6,076,982
Inventories	402,398	325,893	-	-
Payables	(3,206,618)	(7,988,480)	(7,110,236)	(9,101,313)
Receivables	(27,160,348)	27,743,275	17,045,305	(1,581,385)
Other current assets	25,055	238,820	-	-
Total changes in working capital	(23,209,718)	5,722,997	(6,791,624)	(4,605,716)
Cash flows from/(used in) operations	35,728,642	53,937,634	(7,790,945)	(2,189,365)
Retirement benefits paid	-	(18,091)	-	-
Retrenchment benefits paid	(813,289)	(215,103)	-	-
Taxes paid	(14,145,868)	(13,331,813)	(1,106,875)	(419,434)
<b>Net cash flows from/(used in) operating activities</b>	20,769,485	40,372,627	(8,897,820)	(2,608,799)
<b>Investing activities</b>				
Acquisition of non-controlling interest	-	(8,039,450)	-	-
Dividends received	2,400,000	114,640	5,000,000	1,924,009
Interest received	3,767,708	3,320,141	340,260	236,696
Proceeds from disposal of				
- Property, plant and equipment	35,000	-	16,500	-
- Port facilities	85,000	-	-	-
Proceeds from disposal of other investments	-	8,655,546	-	-
Proceeds from disposal of investments in associate	4,000,000	-	4,000,000	-
Purchase of other investments	(1,405,458)	(30,046,200)	-	-
Purchase of investment properties	(1,300,000)	-	-	-
Purchase of port facilities	(2,466,252)	(1,693,386)	-	-
Purchase of property, plant and equipment	(4,039,936)	(322,387)	(50,984)	(23,618)
<b>Net cash flows from/(used in) investing activities</b>	1,076,062	(28,011,096)	9,305,776	2,137,087

# Statements of cash flows

For the financial year ended 31 December 2011 (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Financing activities</b>				
Dividend paid	(1,875,000)	(1,875,000)	(1,875,000)	(1,875,000)
Dividend paid to non-controlling interests	(9,999,999)	-	-	-
Interest paid	(4,529,952)	(3,857,949)	(8,012)	(7,469)
Placement of bank balances pledged	(142,067)	(40,178)	-	-
(Placement)/Uplift of deposits pledged	(15,805)	260,000	-	-
Repayment of				
- hire purchase and lease financing	(331,039)	(344,591)	(35,641)	(25,738)
- BalDs	(5,000,000)	(5,000,000)	-	-
Proceeds from redemption of non-convertible redeemable preference shares of a subsidiary	-	-	-	5,100,000
Proceeds from margin loan for share financing	-	12,000,000	-	-
<b>Net cash flows (used in)/from financing activities</b>	<b>(21,893,862)</b>	<b>1,142,282</b>	<b>(1,918,653)</b>	<b>3,191,793</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(48,315)</b>	<b>13,503,813</b>	<b>(1,510,697)</b>	<b>2,720,081</b>
<b>Cash and cash equivalents at 1 January</b>	<b>137,955,872</b>	<b>124,452,059</b>	<b>11,635,620</b>	<b>8,915,539</b>
<b>Cash and cash equivalents at 31 December</b>	<b>137,907,557</b>	<b>137,955,872</b>	<b>10,124,923</b>	<b>11,635,620</b>
Cash and cash equivalents comprise:				
Cash and bank balances	12,714,807	2,988,940	74,923	545,620
Deposits with licensed banks	133,998,812	143,615,122	10,050,000	11,090,000
	146,713,619	146,604,062	10,124,923	11,635,620
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(307,779)	(291,974)	-	-
Bank balances pledged	(8,498,283)	(8,356,216)	-	-
	137,907,557	137,955,872	10,124,923	11,635,620

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Notes to the financial statements**  
**For the financial year ended 31 December 2011**

**1. Corporate information**

Perak Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at 2nd Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

The immediate and ultimate holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3 of 1967.

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 17.

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

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for the financial periods beginning on or after the dates as described fully in Note 2.3.

The financial statements have been prepared on the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies**

#### **(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

If the business combination is achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the present ownership instruments' proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control effectively ceases.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transactions. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;



## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(a) Basis of consolidation (contd.)**

- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss, and
- reclassifies the parent's share of components previously recognised in other comprehensive income.

The accounting policies for goodwill are disclosed in Note 2.2(e).

#### **(b) Subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

#### **(c) Transactions with non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group. Non-controlling interests are presented separately in the statement of comprehensive income of the Group and within equity in the statement of financial position of the Group, separately from parent shareholder's equity.

All total comprehensive income is proportionately allocated to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary (without loss of control), is accounted for as transaction with owners in their capacity as owners.

#### **(d) Associates**

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(d) Associates (contd.)**

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### **(e) Intangible assets**

##### **Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

## 2. Significant accounting policies (contd.)

### 2.2 Summary of significant accounting policies (contd.)

#### (e) Intangible assets (contd.)

##### Goodwill (contd.)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

#### (f) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2%
Leasehold land and buildings	2%
Other assets	
Equipment, furniture and fittings	5% - 25%
Computer	20%
Motor vehicles	10% - 25%
Refurbishment and renovations	20%

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(f) Property, plant and equipment and depreciation (contd.)**

Assets under capital work in progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### **(g) Port facilities**

Port facilities are stated at cost less accumulated depreciation and any accumulated impairment losses.

All expenditure incurred, associated with development of port facilities inclusive of interest cost capitalised in accordance with Note 2.2(q) are amortised over the estimated useful life.

The principal annual rates of depreciation are:

Leasehold port land	over 99 years
Port structure	over 50 years
Port equipment	over 10 – 20 years

Amortisation of the port structure is based on the revenue method where the cost is amortised based on the total actual revenue in the year over total expected revenue to be generated from the port operations during the period of its estimated useful life.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(h) Investment properties**

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Such property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of building on freehold land is provided for on a straight-line basis to write-off the cost of the property to its residual value over its estimated useful life, at 2% per annum.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment property.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

#### **(i) Land held for property development and property development costs**

##### **(i) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(i) Land held for property development and property development costs (contd.)**

##### **(ii) 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.



## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(j) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

As assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Impairment loss on goodwill is not reversed in a subsequent period.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(k) Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost of tools and spares comprises costs of purchase and cost of bringing the inventories to their present location.

Completed properties held for sale are stated at lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(l) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loan and receivables, held-to-maturity investments and available-for-sale financial assets.

##### **(i) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies**

#### **(I) Financial assets (contd.)**

##### **(i) Financial assets at fair value through profit or loss (contd.)**

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### **(ii) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### **(iii) Held-to-maturity investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies**

#### **(I) Financial assets (contd.)**

##### **(iv) Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On the derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date ie, the date that the Group and the Company commit to purchase or sell the asset.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies**

#### **(m) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### **(i) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(m) Impairment of financial assets (contd.)**

##### **(ii) Unquoted equity securities carried at costs**

If there is objective evidence that an impairment loss on financial assets carried at costs has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### **(iii) Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### **(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at bank and deposits with licensed financial institutions, but do not include deposits with licensed financial institutions which have been pledged for guarantee and other bank facilities granted to the Group and the Company as collaterals, and net of outstanding bank overdrafts.



## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(o) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **(p) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### **(i) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(p) Financial liabilities (contd.)**

##### **(ii) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### **(q) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(r) Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")**

The BaIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil.

BaIDS are initially recognised at cost, being fair value of the consideration received. After initial recognition, the profit element attributable to the BaIDS in each period are recognised in profit or loss as finance cost, at a constant rate of maturity of each series respectively.

#### **(s) Employee benefits**

##### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### **(ii) Defined contribution plans**

As required by law, the Group makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

##### **(iii) Defined benefit plans**

A subsidiary operated an unfunded defined benefit scheme for its eligible employees, ("the Scheme") under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia. The Group's obligation under the scheme, calculated using Projected Benefit Valuation Method, was determined by an actuarial valuation carried out every three years by a qualified actuary, through which the amount of benefit that employees had earned in return for their service in the current and prior years was estimated.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(s) Employee benefits (contd.)**

##### **(iii) Defined benefit plans (contd.)**

That benefit was discounted in order to determine its present value. Actuarial gains and losses were recognised as income or expense over the expected average remaining working lives of the participating employees. Past service costs were recognised immediately to the extent that the benefits were already vested, and otherwise were amortised on a straight-line basis over the average period until the amended benefits became vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs. The last valuation of the Scheme was carried out in March 2006.

Upon the disposal of the hotel property in 2009, no actuarial valuation on the Scheme has been carried out by the subsidiary. The provision for the retirement benefits made in the financial statements is in respect of the remaining employees under the said Scheme.

##### **(iv) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when the Group has a detailed formal plan for the termination and without realistic possibility of withdrawal.

Termination benefits of a subsidiary are provided based on existing contractual obligations under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(t) Leases**

##### **a) As lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statements of financial position as loan and borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase or leased assets is in accordance with that for depreciable property, plant and equipment and port facilities as described in Note 2.2(f) and 2.2(g) respectively.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### **b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2(u)(vii).

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(u) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### **(i) Dividend income**

Dividend income is recognised when the shareholder's right to receive payment is established.

##### **(ii) Hotel related operations**

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised when the services are provided.

##### **(iii) Management fees**

Management fees in respect of the management services provided by the Company are recognised when the services are provided.

##### **(iv) Mobilisation fees**

Mobilisation fees are recognised on a receivable basis.

##### **(v) Port services**

Revenue from port services and provision of container services are measured at fair value of the consideration receivable and are recognised in profit or loss on a rendered basis.

Revenue from Operation and Maintenance of deepwater bulk terminal and facility is recognised in profit or loss on an accrual basis.

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(u) Revenue (contd.)**

##### **(vi) Proceeds from bus fare collection and provision of charter and tour related services**

Proceeds received from bus fare collection and provision of charter and tour related services are recognised when services are rendered.

##### **(vii) Rental income**

Rental income is recognised over the term of the tenancy.

##### **(viii) Sale of goods**

Revenue relating to sale of goods is recognised net of discounts and rebates when transfer of risks and rewards have been completed.

##### **(ix) Sale of completed properties**

Sale of completed properties is recognised when transfer of risks and rewards have been completed.

##### **(x) Sale of land**

Revenue relating to sale of port development land is recognised on a percentage of completion basis.

Revenue relating to sale of other vacant land is recognised when the risks and rewards of ownership have been transferred upon finalisation of the sales and purchase agreements.

##### **(xi) Sale of development properties**

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.2(i)(ii).



## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(v) Income taxes**

##### **(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### **(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

## **2. Significant accounting policies (contd.)**

### **2.2 Summary of significant accounting policies (contd.)**

#### **(v) Income taxes (contd.)**

##### **(ii) Deferred tax (contd.)**

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

#### **(w) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 2. Significant accounting policies (contd.)

### 2.2 Summary of significant accounting policies (contd.)

#### (x) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Company adopted the following applicable new and amended FRS and IC Interpretations mandatory for the annual financial periods beginning on or after the dates stated below:

Description	Effective for annual financial periods beginning on or after
Amendments to FRS 132 : Classification of Rights Issues	1 March 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
FRS 3 : Business Combinations	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
IC Interpretation 12 : Service Concession Arrangements	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

## 2. Significant accounting policies (contd.)

### 2.3 Changes in accounting policies (contd.)

Description (contd.)	Effective for annual financial periods beginning on or after
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011
Amendments to FRS 1 : Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 : Determining Whether an Arrangement contains a Lease	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group except for those discussed below:

#### Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 40(a). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 41(ii).

## **2. Significant accounting policies (contd.)**

### **2.4 Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Company's subsidiary, PCB Development Sdn Bhd, does not fall within the scope definition of Transitioning Entities, as at transition date. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2012. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group and the Company have not completed their assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

## **2. Significant accounting policies (contd.)**

### **2.5 Significant accounting judgements and estimates**

#### **(a) Judgements made in applying accounting policies**

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

##### **(i) Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## **2. Significant accounting policies (contd.)**

### **2.5 Significant accounting judgements and estimates (contd.)**

#### **(a) Judgements made in applying accounting policies (contd.)**

##### **(ii) Investments in associate**

On 22 October 2010, the Company entered into a Conditional Sale and Purchase Agreement ("the Agreement") with Prominent Xtreme Sdn. Bhd. ("Prominex") to dispose of its entire equity interest in an associate, West Coast Expressway Sdn. Bhd. ("WCE"). The Group considered that this investment did not meet the criteria to be classified as held for sale in the financial year ended 31 December 2010 due to the following reasons:

- The disposal was expected not to be completed within the next twelve months due to the conditions precedent set having yet to be fulfilled such as obtaining the approval from the Economic Planning Unit (EPU) in the Prime Minister's Department.
- Based on past experiences, former buyers of the Company's entire equity interest in WCE after having taken more than twelve months had also failed to obtain the necessary approvals to satisfy the conditions precedent resulting in their sale and purchase agreements being rescinded.

The Group evaluated that the finalisation of the disposal can only be concluded upon the approval from EPU.

On 12 October 2011, the Company and Prominex mutually agreed to waive this condition precedent of the Agreement. As such, the disposal of WCE is considered completed during the current financial year ended 31 December 2011.

Further details are disclosed in Note 38(a).



## **2. Significant accounting policies (contd.)**

### **2.5 Significant accounting judgements and estimates (contd.)**

#### **(a) Judgements made in applying accounting policies (contd.)**

##### **(iii) Impairment of available-for-sale investments**

The Group reviews its investments in quoted shares classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% and a prolonged decline to be in which the fair value is below the weighted-average cost for greater than twelve (12) months or more.

For the financial year ended 31 December 2011, no impairment loss has been recognised for available-for-sale financial assets.

##### **(iv) Operating lease commitments - as lessor**

The Group has entered into commercial properties leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and buildings were clearly operating leases or finance leases. The Group assessed and determined that it retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

## **2. Significant accounting policies (contd.)**

### **2.5 Significant accounting judgements and estimates (contd.)**

#### **(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **(i) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill as at 31 December 2011 was RM23,811,003 (2010 : RM23,811,003). Further details are disclosed in Note 20.

##### **(ii) Property development**

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 16.

##### **(iii) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## **2. Significant accounting policies (contd.)**

### **2.5 Significant accounting estimates and judgements (contd.)**

#### **(b) Key sources of estimation uncertainty (contd.)**

##### **(iii) Deferred tax assets (contd.)**

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. The total carrying value of unrecognised business losses and unabsorbed capital allowances of the Group was RM1,281,497 (2010 : RM1,242,930). Further details are disclosed in Note 30.

##### **(iv) Useful lives of property, plant and equipment and port facilities**

The cost of property, plant and equipment and port facilities is depreciated on a straight-line basis over the asset's useful life. Management estimates the useful life of building and port facilities to be 50 years based on the level of expected usage. Management also estimates that these assets will have minimal residual values at the end of their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment and port facilities at the reporting date are disclosed in Notes 13 and 14.

##### **(v) Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22.

### 3. Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income				
- subsidiary	-	-	6,666,667	2,565,345
- other investment	3,200,000	-	-	-
Sales of development properties	-	561,867	-	-
Sales of land	51,811,645	30,664,467	1,718,000	11,255,604
Sales of completed properties	195,000	1,759,000	-	-
Rental of rooms	-	17,244	-	-
Management fees	-	-	132,000	132,000
Port services	69,142,131	67,238,369	-	-
Proceeds received from bus fare collections and provision of charter services	42,849	67,660	-	-
Sales of goods	598,700	468,558	-	-
Project management fees	1,858,162	661,408	-	-
Rental income	2,059,549	2,059,549	2,059,549	2,059,549
	<u>128,908,036</u>	<u>103,498,122</u>	<u>10,576,216</u>	<u>16,012,498</u>

### 4. Cost of sales

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Property development costs (Note 16(b))	23,829,513	17,741,979	1,803,925	8,500,352
Cost of completed properties sold	181,762	1,396,582	-	-
	<u>24,011,275</u>	<u>19,138,561</u>	<u>1,803,925</u>	<u>8,500,352</u>
Cost of goods sold	1,637,569	463,045	-	32,250
Cost of services rendered	22,471,227	20,526,906	-	-
	<u>48,120,071</u>	<u>40,128,512</u>	<u>1,803,925</u>	<u>8,532,602</u>

**5. Interest income**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest income from:				
Loans and receivables	1,229,506	2,359,630	1,229,506	2,359,630
Short term money market funds and fixed deposits	3,767,708	3,320,141	340,260	236,696
Waiver of late payment interest	2,700,619	-	1,305,612	-
	<b>7,697,833</b>	<b>5,679,771</b>	<b>2,875,378</b>	<b>2,596,326</b>

**6. Other income**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accounting fees	-	-	11,492	44,578
Deposit forfeited	-	280,000	-	280,000
Gain on disposal of				
- property, plant and equipment	34,995	-	16,497	-
- port facilities	84,999	-	-	-
Gain on disposal of investments in associate	2,014,438	-	7,207	-
Excess of Group's share in the net fair value of the subsidiary's identifiable net assets arising from the acquisition of non-controlling interest	-	1,467,440	-	-
Management fees	360,000	451,218	-	-
Miscellaneous income	699,322	704,119	30,262	6,933
Reversal of impairment loss on receivables	625,643	258,932	-	-
Reversal of provision for retrenchment benefits no longer required	7,417	-	-	-
	<b>3,826,814</b>	<b>3,161,709</b>	<b>65,458</b>	<b>331,511</b>

**7. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
BaIDS financing cost	3,343,750	3,718,750	-	-
Interest on margin loan financing	1,140,008	91,726	-	-
Interest on hire purchase and finance lease liabilities	46,194	47,473	8,012	7,469
	<b>4,529,952</b>	<b>3,857,949</b>	<b>8,012</b>	<b>7,469</b>

## 8. Profit before tax

The following items have been included in arriving at profit before tax:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
Statutory audits				
- current year	116,600	88,800	33,000	25,000
- underprovision in prior year	8,700	-	5,000	-
Non-audit fees				
- assurance related	5,000	35,000	5,000	35,000
- tax and other non-audit services	39,500	27,700	5,000	3,000
Allowance for impairment loss on financial assets:				
Trade receivables (Note 22)	1,059,987	831,435	48,028	-
Depreciation				
- property, plant and equipment (Note 13)	774,533	632,864	206,322	195,152
- port facilities (Note 14)	2,448,557	2,361,752	-	-
- investment properties (Note 15)	6,500	-	-	-
Direct operating expenses of investment properties				
- revenue generating during the year	10,969	-	-	-
Dividend income from quoted unit trusts	-	(114,640)	-	-
Employee benefits expense (Note 9)	9,118,290	7,996,555	1,059,856	853,228
Interest on late payment	-	710,379	-	229,323
Interest income	(4,997,214)	(5,679,771)	(1,569,766)	(2,596,326)
Waiver of late payment interest	(2,700,619)	-	(1,305,612)	-
Impairment loss on receivables	-	286,482	-	-
Gain on disposal of				
- property, plant and equipment	(34,995)	-	(16,497)	-
- port facilities	(84,999)	-	-	-
Gain on disposal of investments in associate	(2,014,438)	-	(7,207)	-
Non-executive directors' remuneration (Note 10)	717,521	626,882	174,400	168,600
Provision for retirement benefits (Note 26)	36,000	37,732	-	-
Provision for retrenchment benefits (Note 25)	-	824,283	-	-

## 8. Profit before tax (contd.)

The following items have been included in arriving at profit before tax (contd.):

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property, plant and equipment written off (Note 13)	329	14,338	-	-
Port facilities written off (Note 14)	157,675	-	-	-
Rental of port equipment and office equipment	6,484,176	6,466,070	-	-
Reversal of impairment loss on receivables	(625,643)	(258,932)	-	-
Reversal of provision for retrenchment benefits no longer required (Note 25)	(7,417)	-	-	-
Rental of premises	288,900	164,935	194,547	131,935
Rental income				
- investment properties	(50,000)	-	-	-
- others	(2,237,304)	(2,149,934)	(2,059,549)	(2,059,549)
Waiver of debts	(50,000)	-	-	-

## 9. Employee benefits expense

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries and wages	7,724,510	7,206,485	944,785	797,171
Employees Provident Fund contributions	826,618	681,002	67,775	47,756
Social Security contributions	72,513	13,387	2,380	1,761
Other staff related expenses	494,649	95,681	44,916	6,540
	<u>9,118,290</u>	<u>7,996,555</u>	<u>1,059,856</u>	<u>853,228</u>



## 10. Directors' remuneration

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-Executive:				
Directors of the Company:				
Fees	272,000	272,000	152,000	152,000
Other emoluments	22,400	16,600	22,400	16,600
Other directors:				
Fees	148,587	314,282	-	-
Other emoluments	274,534	24,000	-	-
Total non-executive directors' remuneration (excluding benefits-in-kind)	717,521	626,882	174,400	168,600
Estimated money value of benefits-in-kind	9,500	6,500	-	-
Total non-executive directors' remuneration (including benefits-in-kind)	727,021	633,382	174,400	168,600

The number of directors of the Group and of the Company whose total remuneration during the year fell within the following bands are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Number of directors</b>		<b>Number of directors</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Non-executive directors:				
Below RM50,000	5	6	6	6
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	-	-	-	-

## 11. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Statement of comprehensive income:</b>				
Current income tax:				
Tax expense for the year	16,034,339	13,249,818	1,843,590	1,993,000
(Over)/Under provision in respect of previous years	(7,359)	397,193	(36,553)	311,457
	<u>16,026,980</u>	<u>13,647,011</u>	<u>1,807,037</u>	<u>2,304,457</u>
Deferred income tax - (Note 30):				
Relating to origination and reversal of temporary differences	115,682	185,474	-	-
Under/(Over) provision in respect of previous years	114,147	(1,357)	-	-
	<u>229,829</u>	<u>184,117</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>16,256,809</u>	<u>13,831,128</u>	<u>1,807,037</u>	<u>2,304,457</u>

Current income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

## 11. Income tax expense (contd.)

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax	63,640,152	46,176,769	8,304,066	7,146,078
Tax at Malaysian statutory tax rate of 25%	15,910,038	11,544,192	2,076,017	1,786,519
Adjustments:				
Non-deductible expenses	916,050	1,730,614	107,812	206,518
Income not subject to tax	(685,205)	(28,660)	(336,453)	-
Other items	(5,966)	45,533	(3,786)	(37)
Utilisation of previously unrecognised unabsorbed capital allowances	-	(6,200)	-	-
Deferred tax assets not recognised on tax losses and unabsorbed capital allowances	15,104	149,813	-	-
(Over)/Under provision of current tax in previous years	(7,359)	397,193	(36,553)	311,457
Under/(Over) provision of deferred tax in previous years	114,147	(1,357)	-	-
Income tax expense recognised in profit or loss	16,256,809	13,831,128	1,807,037	2,304,457

## 12. Earnings per share

### (a) Basic

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to ordinary equity holders of the Company (RM)	<u>29,598,142</u>	<u>17,755,398</u>
Weighted average number of ordinary shares in issue	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share (sen) for: Profit for the year	<u>29.60</u>	<u>17.76</u>

### (b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issue of ordinary shares.

### 13. Property, plant and equipment

Group	Land and buildings* RM	Other assets** RM	Capital work in progress RM	Total RM
<b>Cost</b>				
<b>At 1 January 2010</b>	39,206,560	4,936,237	-	44,142,797
Additions	-	610,116	55,508	665,624
Transfer from property development costs	8,903,909	-	-	8,903,909
Write off	-	(480,144)	-	(480,144)
<b>At 31 December 2010</b>	<b>48,110,469</b>	<b>5,066,209</b>	<b>55,508</b>	<b>53,232,186</b>
<b>At 1 January 2011</b>	48,110,469	5,066,209	55,508	53,232,186
Additions	-	1,093,479	5,291,682	6,385,161
Disposals	-	(366,818)	-	(366,818)
Write off	-	(239,623)	-	(239,623)
Reclassification to investment properties (Note 15)	(4,030,058)	(60,891)	-	(4,090,949)
<b>At 31 December 2011</b>	<b>44,080,411</b>	<b>5,492,356</b>	<b>5,347,190</b>	<b>54,919,957</b>
<b>Accumulated depreciation</b>				
<b>At 1 January 2010</b>	1,893,934	3,518,829	-	5,412,763
Depreciation charge for the year	189,073	443,791	-	632,864
Write off	-	(465,806)	-	(465,806)
<b>At 31 December 2010</b>	<b>2,083,007</b>	<b>3,496,814</b>	<b>-</b>	<b>5,579,821</b>
<b>At 1 January 2011</b>	2,083,007	3,496,814	-	5,579,821
Depreciation charge for the year	189,073	585,460	-	774,533
Disposals	-	(366,813)	-	(366,813)
Write off	-	(239,294)	-	(239,294)
Reclassification to investment properties (Note 15)	(141,004)	(18,268)	-	(159,272)
<b>At 31 December 2011</b>	<b>2,131,076</b>	<b>3,457,899</b>	<b>-</b>	<b>5,588,975</b>
<b>Net carrying amount</b>				
<b>At 31 December 2010</b>	<b>46,027,462</b>	<b>1,569,395</b>	<b>55,508</b>	<b>47,652,365</b>
<b>At 31 December 2011</b>	<b>41,949,335</b>	<b>2,034,457</b>	<b>5,347,190</b>	<b>49,330,982</b>

### 13. Property, plant and equipment (contd.)

#### \*Land and buildings

Group	Freehold land RM	Buildings RM	Leasehold land and buildings RM	Total RM
<b>Cost</b>				
<b>At 1 January 2010</b>	24,922,500	2,350,060	11,934,000	39,206,560
Transfer from property development costs	8,903,909	-	-	8,903,909
<b>31 December 2010</b>	<u>33,826,409</u>	<u>2,350,060</u>	<u>11,934,000</u>	<u>48,110,469</u>
<b>At 1 January 2011</b>	33,826,409	2,350,060	11,934,000	48,110,469
Reclassification to investment properties (Note 15)	(1,679,998)	(2,350,060)	-	(4,030,058)
<b>31 December 2011</b>	<u>32,146,411</u>	<u>-</u>	<u>11,934,000</u>	<u>44,080,411</u>
<b>Accumulated depreciation</b>				
<b>At 1 January 2010</b>	-	47,001	1,846,933	1,893,934
Depreciation charge for the year	-	47,002	142,071	189,073
<b>At 31 December 2010</b>	<u>-</u>	<u>94,003</u>	<u>1,989,004</u>	<u>2,083,007</u>
<b>At 1 January 2011</b>	-	94,003	1,989,004	2,083,007
Depreciation charge for the year	-	47,001	142,072	189,073
Reclassification to investment properties (Note 15)	-	(141,004)	-	(141,004)
<b>At 31 December 2011</b>	<u>-</u>	<u>-</u>	<u>2,131,076</u>	<u>2,131,076</u>
<b>Net carrying amount</b>				
<b>At 31 December 2010</b>	<u>33,826,409</u>	<u>2,256,057</u>	<u>9,944,996</u>	<u>46,027,462</u>
<b>At 31 December 2011</b>	<u>32,146,411</u>	<u>-</u>	<u>9,802,924</u>	<u>41,949,335</u>

### 13. Property, plant and equipment (contd.)

#### \*\*Other assets

Group	Equipment, furniture and fittings and computer RM	Motor vehicles RM	Refurbishment and renovations RM	Total RM
<b>Cost</b>				
<b>At 1 January 2010</b>	3,438,118	1,378,904	119,215	4,936,237
Additions	202,041	398,556	9,519	610,116
Write off	(460,291)	-	(19,853)	(480,144)
Reclassification	(3,127)	2,909	218	-
<b>At 31 December 2010</b>	<b>3,176,741</b>	<b>1,780,369</b>	<b>109,099</b>	<b>5,066,209</b>
<b>At 1 January 2011</b>	3,176,741	1,780,369	109,099	5,066,209
Additions	151,023	942,456	-	1,093,479
Disposals	-	(366,818)	-	(366,818)
Write off	(239,623)	-	-	(239,623)
Reclassification to investment properties (Note 15)	(60,891)	-	-	(60,891)
<b>At 31 December 2011</b>	<b>3,027,250</b>	<b>2,356,007</b>	<b>109,099</b>	<b>5,492,356</b>
<b>Accumulated depreciation</b>				
<b>At 1 January 2010</b>	2,403,885	1,086,120	28,824	3,518,829
Depreciation charge for the year	314,602	117,326	11,863	443,791
Write off	(448,144)	-	(17,662)	(465,806)
Reclassification	(98,198)	43,448	54,750	-
<b>At 31 December 2010</b>	<b>2,172,145</b>	<b>1,246,894</b>	<b>77,775</b>	<b>3,496,814</b>
<b>At 1 January 2011</b>	2,172,145	1,246,894	77,775	3,496,814
Depreciation charge for the year	310,771	264,007	10,682	585,460
Disposals	-	(366,813)	-	(366,813)
Write off	(239,294)	-	-	(239,294)
Reclassification to investment properties (Note 15)	(18,268)	-	-	(18,268)
<b>At 31 December 2011</b>	<b>2,225,354</b>	<b>1,144,088</b>	<b>88,457</b>	<b>3,457,899</b>



**13. Property, plant and equipment (contd.)**

**\*\*Other assets (contd.)**

<b>Group</b>	<b>Equipment, furniture and fittings and computer RM</b>	<b>Motor vehicles RM</b>	<b>Refurbishment and renovations RM</b>	<b>Total RM</b>
<b>Net carrying amount</b>				
<b>At 31 December 2010</b>	<b>1,004,596</b>	<b>533,475</b>	<b>31,324</b>	<b>1,569,395</b>
<b>At 31 December 2011</b>	<b>801,896</b>	<b>1,211,919</b>	<b>20,642</b>	<b>2,034,457</b>

### 13. Property, plant and equipment (contd.)

Company	Leasehold land and building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>Cost</b>				
<b>At 1 January 2010</b>	11,934,000	176,615	248,940	12,359,555
Additions	-	13,889	89,729	103,618
<b>31 December 2010</b>	11,934,000	190,504	338,669	12,463,173
<b>At 1 January 2011</b>	11,934,000	190,504	338,669	12,463,173
Additions	-	5,994	144,990	150,984
Disposals	-	-	(158,841)	(158,841)
<b>At 31 December 2011</b>	11,934,000	196,498	324,818	12,455,316
<b>Accumulated depreciation</b>				
<b>At 1 January 2010</b>	1,846,933	119,843	187,369	2,154,145
Depreciation charge for the year	142,071	23,101	29,980	195,152
<b>At 31 December 2010</b>	1,989,004	142,944	217,349	2,349,297
<b>At 1 January 2011</b>	1,989,004	142,944	217,349	2,349,297
Depreciation charge for the year	142,072	21,043	43,207	206,322
Disposals	-	-	(158,838)	(158,838)
<b>At 31 December 2011</b>	2,131,076	163,987	101,718	2,396,781
<b>Net carrying amount</b>				
<b>At 31 December 2010</b>	9,944,996	47,560	121,320	10,113,876
<b>At 31 December 2011</b>	9,802,924	32,511	223,100	10,058,535

### 13. Property, plant and equipment (contd.)

- (a) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Motor vehicles	904,901	527,103	223,100	121,320

- (b) During the year, the property, plant and equipment of the Group and of the Company were acquired by means of:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash payments	4,039,936	322,387	50,984	23,618
Finance lease arrangements	466,600	343,237	100,000	80,000
Contra in settlement of trade receivables	1,878,625	-	-	-
	<u>6,385,161</u>	<u>665,624</u>	<u>150,984</u>	<u>103,618</u>

- (c) Included in the property, plant and equipment of the Group and of the Company are the following costs of fully depreciated assets which are still in use:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other assets:				
Equipment, furniture, fittings and computer	1,449,360	361,754	63,392	61,892
Motor vehicles	691,105	796,198	-	158,841
Refurbishment and renovations	-	50,635	-	-
	<u>2,140,465</u>	<u>1,208,587</u>	<u>63,392</u>	<u>220,733</u>

- (d) Titles of certain land costing RM14,000,000 (2010 : RM14,000,000) have yet to be issued to a subsidiary.

#### 14. Port facilities

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Total RM
<b>Cost</b>				
<b>At 1 January 2010</b>	14,753,610	83,263,954	10,693,556	108,711,120
Additions	-	803,594	889,792	1,693,386
<b>At 31 December 2010</b>	<u>14,753,610</u>	<u>84,067,548</u>	<u>11,583,348</u>	<u>110,404,506</u>
<b>At 1 January 2011</b>	14,753,610	84,067,548	11,583,348	110,404,506
Additions	-	2,256,914	209,338	2,466,252
Disposals	-	-	(520,000)	(520,000)
Write off	-	-	(242,930)	(242,930)
<b>At 31 December 2011</b>	<u>14,753,610</u>	<u>86,324,462</u>	<u>11,029,756</u>	<u>112,107,828</u>
<b>Accumulated depreciation</b>				
<b>At 1 January 2010</b>	1,998,298	11,517,032	8,081,463	21,596,793
Depreciation charge for the year	148,936	1,675,000	537,816	2,361,752
<b>At 31 December 2010</b>	<u>2,147,234</u>	<u>13,192,032</u>	<u>8,619,279</u>	<u>23,958,545</u>
<b>At 1 January 2011</b>	2,147,234	13,192,032	8,619,279	23,958,545
Depreciation charge for the year	148,936	1,746,000	553,621	2,448,557
Disposals	-	-	(519,999)	(519,999)
Write off	-	-	(85,255)	(85,255)
<b>At 31 December 2011</b>	<u>2,296,170</u>	<u>14,938,032</u>	<u>8,567,646</u>	<u>25,801,848</u>
<b>Net carrying amount</b>				
<b>At 31 December 2010</b>	<u>12,606,376</u>	<u>70,875,516</u>	<u>2,964,069</u>	<u>86,445,961</u>
<b>At 31 December 2011</b>	<u>12,457,440</u>	<u>71,386,430</u>	<u>2,462,110</u>	<u>86,305,980</u>

#### 14. Port facilities (contd.)

- (a) Net carrying amount of port facilities held under hire purchase and finance lease arrangements are as follows:

	<b>Group 2011 RM</b>	<b>2010 RM</b>
Port equipment	<u>269,783</u>	<u>326,983</u>

- (b) In accordance with financing procedure under Bai Bithaman Ajil, a subsidiary has agreed to enter into an asset purchase agreement dated 22 November 2004 with a bank to sell the port structure at RM60,000,000. Subsequent to the execution of this agreement, the said subsidiary entered into an asset sale agreement dated 22 November 2004 with the bank to repurchase the port structure at RM99,937,500.

- (c) During the year, additions to port facilities of the Group were acquired by means of:

	<b>Group 2011 RM</b>	<b>2010 RM</b>
Cash payments	<u>2,466,252</u>	<u>1,693,386</u>

- (d) Included in port facilities of the Group are the following costs of fully depreciated assets which are still in use:

	<b>Group 2011 RM</b>	<b>2010 RM</b>
Port equipment	<u>5,607,704</u>	<u>6,206,157</u>

## 15. Investment properties

	Group 2011 RM	2010 RM
<b>Cost</b>		
At 1 January	-	-
Additions	1,300,000	-
Reclassification from property, plant and equipment (Note 13)	4,090,949	-
At 31 December	<u>5,390,949</u>	<u>-</u>
<b>Accumulated depreciation</b>		
At 1 January	-	-
Depreciation charge for the year	6,500	-
Reclassification from property, plant and equipment (Note 13)	159,272	-
At 31 December	<u>165,772</u>	<u>-</u>
<b>Net carrying amount</b>		
At 31 December	<u>5,225,177</u>	<u>-</u>

The fair value of the investment properties as at 31 December 2011 amounted to approximately RM8,800,000.

The fair value of an investment property with carrying amount of RM3,931,677 has been determined based on valuation performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison method that makes reference to recent transaction value.

The fair value of remaining investment properties with carrying amount of RM1,293,500 are based on recent transaction value.

## 16. Land held for property development and property development costs

### (a) Land held for property development

	Group 2011 RM	2010 RM
<b>Freehold land</b>		
<b>Carrying amount</b>		
At 1 January	18,948,975	18,948,975
Transfer to property development costs	(1,522,473)	-
At 31 December	<u>17,426,502</u>	<u>18,948,975</u>

# 16. Land held for property development and property development costs (contd.)

## (b) Property development costs

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>At 31 December 2011</b>				
<b>Cumulative property development costs</b>				
At 1 January 2011				
Freehold land	87,835,338	75,487,547	34,395,027	41,171,594
Leasehold land	30,069,065	30,069,065	-	-
Development costs	121,259,533	125,985,407	17,805,339	17,105,754
	<u>239,163,936</u>	<u>231,542,019</u>	<u>52,200,366</u>	<u>58,277,348</u>
Costs incurred during the year:				
Freehold land	30,140	24,326,304	-	-
Leasehold land	540,000	-	8,640,000	-
Development costs	16,529,578	8,012,186	9,890,618	2,423,370
	<u>17,099,718</u>	<u>32,338,490</u>	<u>18,530,618</u>	<u>2,423,370</u>
Reversal of costs arising from completed phases:				
Development costs	-	(3,650,800)	-	-
Reversal of costs arising from completed sale of land:				
Freehold land	(4,673,219)	(8,410,217)	(1,141,550)	(6,776,567)
Leasehold land	(10,858,700)	-	-	-
Development costs	(96,235,232)	(3,751,647)	(662,375)	(1,723,785)
	<u>(111,767,151)</u>	<u>(12,161,864)</u>	<u>(1,803,925)</u>	<u>(8,500,352)</u>



# 16. Land held for property development and property development costs (contd.)

## (b) Property development costs (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Cumulative costs recognised in profit or loss</b>				
At 1 January 2011	(87,937,638)	(86,008,323)	-	-
Cost recognised during the year (Note 4)	(23,829,513)	(17,741,979)	(1,803,925)	(8,500,352)
Reversal of costs arising from completed phases	-	3,650,800	-	-
Reversal of costs arising from completed sale of land	111,767,151	12,161,864	1,803,925	8,500,352
At 31 December 2011	<u>-</u>	<u>(87,937,638)</u>	<u>-</u>	<u>-</u>
Transfers:				
To property, plant and equipment	-	(8,903,909)	-	-
From land held for property development	1,522,473	-	-	-
	<u>1,522,473</u>	<u>(8,903,909)</u>	<u>-</u>	<u>-</u>
Property development costs at 31 December 2011	<u>146,018,976</u>	<u>151,226,298</u>	<u>68,927,059</u>	<u>52,200,366</u>

Titles of certain land totalling RM38,176,304 (2010 : RM38,176,304) have yet to be issued to the subsidiaries concerned.

## 17. Investments in subsidiaries

	<b>Company</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,509
Accumulated impairment losses	(509)	(509)
	<u>1,602,000</u>	<u>1,602,000</u>
Equity loans to subsidiaries	173,515,720	173,515,720
	<u>175,117,720</u>	<u>175,117,720</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2011	2010	
Magni D'Corp Sdn. Bhd.	Malaysia	100	100	Property investment
PCB Development Sdn. Bhd.	Malaysia	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.	Malaysia	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	Malaysia	100	100	Investment holding
Trans Bid Sdn. Bhd.	Malaysia	51	51	Distribution, operation and management of water supply services
<b>Held by PCB Development Sdn. Bhd.</b>				
PCB Trading & Manufacturing Sdn. Bhd.	Malaysia	100	100	Trading and manufacture of building materials
BioD Leisure and Recreation Sdn. Bhd.	Malaysia	100	100	Provision of transport and travel services

## 17. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2011	2010	
Held by Taipan Merit Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.*	Malaysia	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities
Casuarina Hotel Management Sdn. Bhd.	Malaysia	79.57	79.57	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn. Bhd.				
LMT Capital Sdn. Bhd.*	Malaysia	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed in 2003. The company is currently dormant
Held by Casuarina Hotel Management Sdn. Bhd.				
Silveritage Corporation Sdn. Bhd.	Malaysia	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd.	Malaysia	73.91	73.91	Investment holding

\* Not audited by Ernst & Young in 2010.

## 17. Investments in subsidiaries (contd.)

### Equity loans to subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and not repayable on demand by the respective subsidiaries and as such, the fair value of these amounts cannot be reliably measured, and consequently, these amounts have been measured at cost and been classified as equity contribution by the Company in the respective subsidiaries.

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2011. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

## 18. Investments in associate

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost:				
Unquoted shares in Malaysia	-	3,992,793	-	3,992,793
Share of post-acquisition reserves	-	(2,007,231)	-	-
	<u>-</u>	<u>1,985,562</u>	<u>-</u>	<u>3,992,793</u>

The Group's interest in the associate was analysed as follows:

	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Share of net assets	<u>-</u>	<u>1,985,562</u>

Details of the associate were as follows:

<b>Name of associate</b>	<b>Country of incorporation</b>	<b>Equity interest held (%)</b>		<b>Principal activities</b>
		<b>2011</b>	<b>2010</b>	
West Coast Expressway Sdn. Bhd.*	Malaysia	-	12.19	To construct, operate and manage the operation of the privatised project West Coast Highway for a 30-year concession period

## 18. Investments in associate (contd.)

- \* Although the Group held less than 20% of the voting power in West Coast Expressway Sdn. Bhd. ("WCE"), the Group exercised significant influence by virtue of its contractual right to appoint two directors to the Board of this associate.

The financial statements of WCE, which had a financial year end of 31 January to conform with its holding company's financial year end, are not coterminous with those of the Group. For the purpose of applying the equity method of accounting for the financial year ended 31 December 2010, the management accounts of WCE for the financial period ended 31 December 2010 had been used.

During the year, the Group completed the disposal of shares in WCE to Prominent Xtreme Sdn. Bhd. upon waiver of certain conditions precedent of the Share Sale Agreement as detailed in Note 38(a).

The results of WCE for the financial period from 1 January 2011 up to the date of disposal is not equity accounted as the amount was not significant.

The summarised financial information of the associate is as follows:

	2011 RM	2010 RM
<b>Assets and liabilities</b>		
Current assets	-	8,374,172
Non-current assets	-	3,687
Total assets	-	8,377,859
Current liabilities	-	1,515,868
Non-current liabilities	-	4,876,000
Total liabilities	-	6,391,868
<b>Results</b>		
Revenue	-	-
Loss for the year	-	(1,437)

## 19. Other investments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Non-current</b>				
Available-for-sale financial assets:				
- Quoted shares in Malaysia *	28,001,687	33,000,000	-	-

**19. Other investments (contd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At cost:				
Unquoted shares in Malaysia	25,000	25,000	25,000	25,000
Less: Accumulated impairment losses	(8,659)	(8,659)	(8,659)	(8,659)
	<u>16,341</u>	<u>16,341</u>	<u>16,341</u>	<u>16,341</u>
	<u>28,018,028</u>	<u>33,016,341</u>	<u>16,341</u>	<u>16,341</u>

\* The quoted shares are pledged to a financial institution as security for margin loan facilities granted to a subsidiary as disclosed in Note 27.

**20. Intangible assets**

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
<b>Goodwill</b>		
<b>Cost</b>		
At 1 January		
and at 31 December	<u>23,829,682</u>	<u>23,829,682</u>
<b>Accumulated impairment losses</b>		
At 1 January		
and at 31 December	<u>18,679</u>	<u>18,679</u>
<b>Net carrying amount</b>		
At 31 December	<u>23,811,003</u>	<u>23,811,003</u>

The carrying amount of goodwill is attributable to the acquisition of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB"), which is a 50% + one share subsidiary of Taipan Merit Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company. The principal activity of LMTSB is described in Note 17.

The annual impairment test of goodwill was based on its recoverable amount. The recoverable amount is determined based on value-in-use which was assessed by management using the estimated future net operating cashflows of the various strategic business units within LMTSB with annual growth rates ranging between 3% to 8% discounted at 4% annually to their present value covering a period of 5 years.

## 20. Intangible assets (contd.)

There is no impairment of goodwill as at reporting date as the value-in-use was in excess of its carrying amount.

## 21. Inventories

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Completed properties	316,759	565,217
Tools and spares	4,943,513	5,097,453
	<u>5,260,272</u>	<u>5,662,670</u>

## 22. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	37,611,997	14,839,890	1,360,100	4,200,000
Amounts due from related parties:				
Ultimate holding corporation	2,000,000	2,000,000	-	-
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	12,997,661	7,527,190	-	-
	<u>52,609,658</u>	<u>24,367,080</u>	<u>1,360,100</u>	<u>4,200,000</u>
Less:				
Allowance for impairment				
Third parties	<u>(1,308,996)</u>	<u>(974,059)</u>	<u>-</u>	<u>-</u>
Trade receivables, net	<u>51,300,662</u>	<u>23,393,021</u>	<u>1,360,100</u>	<u>4,200,000</u>

## 22. Trade and other receivables (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Current</b>				
<b>Other receivables</b>				
Amounts due from related parties:				
Ultimate holding corporation	5,023,424	4,622,769	183,717	120,016
Subsidiaries	-	-	27,314,169	41,315,970
Fellow subsidiaries of ultimate holding corporation	108,724,217	105,738,923	106,148,850	105,425,397
	<u>113,747,641</u>	<u>110,361,692</u>	<u>133,646,736</u>	<u>146,861,383</u>
Amount due from Lembaga Lebuhraya Malaysia	-	5,361,000	-	-
Deposits	65,028	111,410	250	250
Others	957,220	1,035,913	-	80,622
	<u>114,769,889</u>	<u>116,870,015</u>	<u>133,646,986</u>	<u>146,942,255</u>
Less:				
Allowance for impairment				
- Amount due from a subsidiary	-	-	(48,028)	-
	<u>114,769,889</u>	<u>116,870,015</u>	<u>133,598,958</u>	<u>146,942,255</u>
Total trade and other receivables	166,070,551	140,263,036	134,959,058	151,142,255
Add: Cash and bank balances (Note 24)	146,713,619	146,604,062	10,124,923	11,635,620
Total loans and receivables	<u>312,784,170</u>	<u>286,867,098</u>	<u>145,083,981</u>	<u>162,777,875</u>

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. Other credit terms are assessed and approved on a case-by-case basis. They are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Included in trade receivables of the Group and of the Company are amounts of RM4,606,675 (2010 : RM4,200,000) and RM1,360,100 (2010 : RM4,200,000) respectively payable by means of contra for works to be performed as negotiated by a subsidiary and the Company.



## 22. Trade and other receivables (contd.)

### (a) Trade receivables (contd.)

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	42,815,616	6,715,887
1 to 30 days past due not impaired	126,875	213,431
31 to 60 days past due not impaired	782,857	3,036,094
61 to 90 days past due not impaired	569,243	1,191,968
91 to 120 days past due not impaired	346,137	1,188,682
More than 121 days past due not impaired	6,659,934	11,046,959
	8,485,046	16,677,134
Impaired	1,308,996	974,059
	<u>52,609,658</u>	<u>24,367,080</u>

#### Receivables that are neither past due nor impaired

Included in trade receivables that are neither past due nor impaired are amounts totalling RM27,492,199 (2010 : RM3,157,950) representing amounts receivable from land sales debtors in which these amounts are deemed collectible as the land titles are secured under the subsidiary's name and will only be transferred to the purchasers upon full settlement of the consideration. In the event that the purchaser defaults on the payments, it will be lawful under the Sales and Purchase Agreement for the Group to annul the sale of land and terminate the agreement. The amounts paid up to 15% will be forfeited and the Group is entitled to resell the land.

Trade receivables amounting to RM3,246,575 (2010 : RMNil) will be settled by way of contra of works to be performed.

The remaining balances in trade receivables that are neither past due nor impaired are customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

Included in trade receivables that are past due but not impaired are:

- (a) amounts due from a related party of a subsidiary amounting to RM273,414 (2010 : RM462,979) arising from trade sales made in the ordinary course of business for which consistent payments are received from this debtor;
- (b) amounts due from related parties of a subsidiary amounting to RM4,887 (2010 : RM331,996) which have been long outstanding and unsecured in nature. The directors are of the opinion that these amounts are fully recoverable;

## 22. Trade and other receivables (contd.)

### (a) Trade receivables (contd.)

#### Receivables that are past due but not impaired (contd.)

Included in trade receivables that are past due but not impaired are (contd.):

- (c) amounts due from land sales debtors amounting to RM1,417,829 (2010 : RM2,390,249). These amounts are deemed collectible as the land titles will only be transferred to the respective buyers upon their full payments being received;
- (d) amount due from ultimate holding corporation of RM2,000,000 (2010 : RM2,000,000) which is secured by bank guarantee;
- (e) amount due from land sales debtors of RM1,360,100 (2010 : RM4,200,000) which will be settled by way of contra for works to be performed; and
- (f) the remaining balances of trade receivables of RM3,428,816 (2010 : RM7,623,906) are due from creditworthy debtors which normally make payments beyond the credit period given with no recent history of default.

All the trade receivables that are past due but not impaired are unsecured in nature except as disclosed above.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group 2011 RM</b>	<b>2010 RM</b>
Trade receivables - nominal amounts	1,308,996	974,059
Less : Allowance for impairment	<u>(1,308,996)</u>	<u>(974,059)</u>
	<u>-</u>	<u>-</u>
Movement in allowance accounts:		
At 1 January	974,059	774,178
Charge for the year	1,059,987	831,435
Write off	(99,407)	(372,622)
Reversal of impairment loss on receivables	<u>(625,643)</u>	<u>(258,932)</u>
At 31 December	<u>1,308,996</u>	<u>974,059</u>

Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

## 22. Trade and other receivables (contd.)

### (b) Related party balances (current)

#### Amount due from ultimate holding corporation

The amount due from ultimate holding corporation included in other receivables of the Group is unsecured, non-interest bearing and is repayable on demand by way of in-kind payment and contra of contract works for value of RM2,470,195 (2010 : RM2,470,195) and RM661,352 (2010 : RM661,325) respectively. The remaining balance will be settled in cash.

#### Amounts due from fellow subsidiaries of ultimate holding corporation

Included in the amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company are advances together with accrued interests amounting to RM104,623,134 (2010 : RM102,900,181) which are unsecured, bear interest rate of 3% (2010 : 3%) per annum, and repayable on demand.

The amounts due from fellow subsidiaries of the ultimate holding corporation of the Group and of the Company have been long outstanding. Based on the information available at the date these financial statements are authorised for issue, the directors are of the opinion that these amounts are fully recoverable as the ultimate holding corporation has undertaken to provide financial support to these fellow subsidiaries to meet their payment obligations.

The Group and the Company have taken the necessary steps to recover the amounts due, which include interalia:

- (a) a working committee consisting of members representing both the Company and its subsidiaries and the related party debtors taking the required action;
- (b) negotiating as agreed towards the settlement of the balances for settlement with cash, listed shares and procurement of parcels of lands which shall provide synergies with the segmental activities of the Group;
- (c) ensuring proceeds receivable from projects being managed are received as planned; and
- (d) taking legal action, where required

On 28 February 2012, the Company entered into a conditional Settlement Agreement ("Settlement Agreement") with Perak Equity Sdn. Bhd. ("PESB"), a fellow subsidiary of its ultimate holding corporation, to partially settle the total debts owing as at 31 December 2011. Further details are disclosed in Note 39(a).

## 22. Trade and other receivables (contd.)

### (c) Amounts due from subsidiaries (current)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

During the year, the Company entered into two Settlement Agreements with two subsidiaries to settle the amount owing of RM27,266,141 by way of cash and in-kind payment. Further details are disclosed in Notes 38(e) and 38(f).

### (d) Amount due from Lembaga Lebuhraya Malaysia

This represented the compensation amount recoverable by a subsidiary from Lembaga Lebuhraya Malaysia for land surrendered by the subsidiary. The amount has been fully settled during the financial year.

## 23. Other current assets

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Prepayments	<u>206,077</u>	<u>231,132</u>

## 24. Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	12,714,807	2,988,940	74,923	545,620
Deposits with licensed banks	<u>133,998,812</u>	<u>143,615,122</u>	<u>10,050,000</u>	<u>11,090,000</u>
	<u>146,713,619</u>	<u>146,604,062</u>	<u>10,124,923</u>	<u>11,635,620</u>

Included in cash and bank balances of the Group is an amount of RM82,736 (2010 : RM78,383) held in trust on behalf of the charity fund initiated by its ultimate holding corporation known as "Tabung Anak Yatim Islam dan Kebajikan PKNP".

Cash deposited in the designated disbursement and proceed accounts of a subsidiary amounting to RM8,498,283 (2010 : RM8,356,216) is not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 27.

Included in the deposits with licensed banks of the Group are amounts totalling RM307,779 (2010 : RM291,974) pledged as securities for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 27.

## 24. Cash and bank balances (contd.)

The average interest rates of the deposits with licensed banks during the financial year range between 1.70% to 3.65% (2010 : 1.70% to 3.65%) per annum and the maturities of the deposits as at 31 December 2011 were between 1 day to 15 months (2010 : 1 day to 15 months).

## 25. Retrenchment benefits

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
At 1 January	820,706	211,526
Provision for retrenchment benefits	-	824,283
Reversal of provision for retrenchment benefits	(7,417)	-
Retrenchment benefits paid	(813,289)	(215,103)
At 31 December	<u>-</u>	<u>820,706</u>

The provision for retrenchment benefits in the previous year was made in accordance with additional claims by National Union of Hotel, Bar and Restaurants Workers.

## 26. Retirement benefits

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
At 1 January	221,445	201,804
Provision for retirement benefits	36,000	37,732
Retirement benefits paid	-	(18,091)
At 31 December	<u>257,445</u>	<u>221,445</u>
Analysed as:		
Current	-	-
Non-current	<u>257,445</u>	<u>221,445</u>
	<u>257,445</u>	<u>221,445</u>

A subsidiary of the Company operates an unfunded defined benefit scheme for its eligible employees ("the Scheme"). Under the Scheme, eligible employees are entitled to retirement benefits based on 15 days pay based on the last drawn basic salary for every completed year of service on attainment of retirement age of 58.

Upon the disposal of the hotel property in 2009, the subsidiary has not performed any valuation for the Scheme. The amount provided is mainly for the eligible remaining employees who are entitled to retirement benefits based on the said Scheme and will be retained in the financial statements until retirement of these employees.

## 26. Retirement benefits (contd.)

The summary analysis of the defined benefit scheme based on actuarial valuation performed were as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Statement of financial position</b>		
The amounts recognised in the statement of financial position are determined as follows:		
Present value of unfunded defined benefits obligations	257,445	221,445
Unrecognised actuarial losses	-	-
Unrecognised past service costs	-	-
Net liability	<u>257,445</u>	<u>221,445</u>
Analysed as:		
Current	-	-
Non-current	<u>257,445</u>	<u>221,445</u>
	<u>257,445</u>	<u>221,445</u>

Movement in the present value of the defined benefit obligations over the year is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
At 1 January	221,445	201,804
Current service cost	8,923	9,819
Interest cost	24,959	9,285
Past service cost	2,118	18,628
Benefits paid by the plan	-	(18,091)
At 31 December	<u>257,445</u>	<u>221,445</u>

### (ii) Profit or loss

The amounts recognised in profit or loss are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Current service cost	8,923	9,819
Interest cost	24,959	9,285
Past service cost recognised	2,118	18,628
Expense recognised in profit or loss	<u>36,000</u>	<u>37,732</u>

## 26. Retirement benefits (contd.)

The amounts recognised in profit or loss are included in the following line items:

	Group 2011 RM	2010 RM
Other operating expenses	36,000	37,732

### (iii) Actuarial assumptions

The principal actuarial assumptions used for the purposes of the actuarial valuation were as follows:

	Group 2011 %	2010 %
Discount rate	4.0	4.0
Expected rate of salary increases	5.0	5.0

## 27. Loans and borrowings

		Group 2011 RM	2010 RM	Company 2011 RM	2010 RM
<b>Current</b>	<b>Maturity</b>				
Secured:					
Hire purchase and finance lease liabilities (Note 28)	2012	232,855	282,883	51,610	31,337
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2012	5,000,000	5,000,000	-	-
Margin loan for share financing	On demand	12,000,000	12,000,000	-	-
		<u>17,232,855</u>	<u>17,282,883</u>	<u>51,610</u>	<u>31,337</u>
Unsecured:					
Revolving credits	On demand	60,000,000	60,000,000	60,000,000	60,000,000
		<u>77,232,855</u>	<u>77,282,883</u>	<u>60,051,610</u>	<u>60,031,337</u>

## 27. Loans and borrowings (contd.)

		Group		Company	
	Maturity	2011 RM	2010 RM	2011 RM	2010 RM
<b>Non-current</b>					
Secured:					
Hire purchase and finance lease liabilities	2013 - 2016	549,182	363,593	124,981	80,895
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	2013 - 2017	35,000,000	40,000,000	-	-
		<u>35,549,182</u>	<u>40,363,593</u>	<u>124,981</u>	<u>80,895</u>
<b>Total borrowings</b>					
Hire purchase and finance lease liabilities (Note 28)		782,037	646,476	176,591	112,232
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")		40,000,000	45,000,000	-	-
Margin loan for share financing		12,000,000	12,000,000	-	-
Revolving credits		60,000,000	60,000,000	60,000,000	60,000,000
		<u>112,782,037</u>	<u>117,646,476</u>	<u>60,176,591</u>	<u>60,112,232</u>
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):					
Within one year		<u>72,000,000</u>	<u>72,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>

### Hire purchase and finance lease liabilities

The finance leases of the Group and of the Company bear interest at rates which range between 2.35% to 3.88% (2010 : 2.35% to 3.88%) per annum.



## 27. Loans and borrowings (contd.)

### Bai Bithaman Ajil islamic debt securities ("BaIDS")

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Primary bonds	40,000,000	45,000,000
Secondary bonds	11,062,500	14,437,500
	51,062,500	59,437,500
Less: Secondary bonds	(11,062,500)	(14,437,500)
	<u>40,000,000</u>	<u>45,000,000</u>

	<b>2011</b>		<b>2010</b>	
	<b>Primary bonds</b>	<b>Secondary bonds</b>	<b>Primary bonds</b>	<b>Secondary bonds</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Maturity of BaIDS:				
Not later than 1 year	<u>5,000,000</u>	<u>3,000,000</u>	<u>5,000,000</u>	<u>3,375,000</u>
Later than 1 year and not later than 5 years	35,000,000	8,062,500	25,000,000	9,750,000
Later than 5 years	-	-	15,000,000	1,312,500
	<u>35,000,000</u>	<u>8,062,500</u>	<u>40,000,000</u>	<u>11,062,500</u>
	<u>40,000,000</u>	<u>11,062,500</u>	<u>45,000,000</u>	<u>14,437,500</u>

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary has entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank has agreed to grant the subsidiary the BaIDS facility with an aggregate face value of RM60 million. The BaIDS are constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BaIDS.

The BaIDS are of negotiable value, non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BaIDS comprises Primary BaIDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face value of the Secondary Bonds are computed based on the profit rate of 7.5% per annum.

## 27. Loans and borrowings (contd.)

### Bai Bithaman Ajil islamic debt securities ("BalDS") (contd.)

The BalDS are secured by way of:

- (i) an assignment of the subsidiary's rights under the operations and maintenance agreements ("OMA") with Lekir Bulk Terminal Sdn. Bhd. ("LBT");
- (ii) a charge over a Designated Account of the subsidiary into which only the Fixed Project Consideration received from LBT under the OMA will be paid; and
- (iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BalDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill its responsibilities in the event of non-performance by the subsidiary under the OMA.

The major covenants of the BalDS are as follows:

#### Positive Covenants

The subsidiary shall:

- (i) maintain a debt to equity ratio of not exceeding 70:30;
- (ii) maintain all insurance necessary for its business as required under the OMA;
- (iii) cause and ensure that the current shareholders remain unchanged unless with the prior consent of the Trustee; and
- (iv) perform and carry out all and any of its obligations under the OMA.

#### Negative Covenants

The subsidiary shall not without the prior written consent of the Trustee:

- (i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;
- (ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;

## 27. Loans and borrowings (contd.)

### Bai Bithaman Ajil islamic debt securities ("BaIDS") (contd.)

- (iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;
- (iv) amend the OMA so as to affect the Fixed Project Consideration; and
- (v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the next six months.

### Margin loan for share financing

The margin loan for share financing bears interest at 9% (2010 : 9%) per annum and is secured by way of quoted shares held by a subsidiary and ultimate holding corporation.

### Revolving credits

The revolving credits of the Group and of the Company bear interest at 5.9% (2010 : 5.9%) per annum.

Interest on revolving credits is subject to floating interest rates which is repriced annually.

## 28. Hire purchase and finance lease commitments

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments:</b>				
Not later than 1 year	276,480	314,137	60,888	37,908
Later than 1 year and not later than 5 years	605,476	410,080	136,424	88,157
	881,956	724,217	197,312	126,065
Less: Finance charges	(99,919)	(77,741)	(20,721)	(13,833)
	782,037	646,476	176,591	112,232
<b>Present value of payments:</b>				
Amount due within 12 months (Note 27)	232,855	282,883	51,610	31,337
Amount due after 12 months (Note 27)	549,182	363,593	124,981	80,895
	782,037	646,476	176,591	112,232

## 29. Trade and other payables

	Group 2011 RM	2010 RM	Company 2011 RM	2010 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	2,984,553	3,804,477	-	-
<b>Other payables</b>				
Amounts due to related parties:				
Ultimate holding corporation	696,337	696,337	-	-
Subsidiary	-	-	-	1,091,000
Companies in which certain directors of certain subsidiaries have or are deemed to have substantial interests	8,859,663	8,589,648	-	-
Other related parties	-	3,253,493	-	-
	9,556,000	12,539,478	-	1,091,000
Deposits received	1,722,072	8,135,975	214,288	3,242,198
Deposit received on proposed disposal of investments in associate (Note 38(a))	-	400,000	-	400,000
Advances from purchasers	2,107,999	2,017,091	-	-
Tender deposits received from contractors	199,848	173,470	-	-
Accruals	4,886,473	2,064,610	1,468,753	464,035
Amount payable for the purchase of land	5,776,916	7,083,803	-	5,221,026
Sundry payables	5,348,447	2,590,011	-	-
	29,597,755	35,004,438	1,683,041	10,418,259
	32,582,308	38,808,915	1,683,041	10,418,259
Total trade and other payables	32,582,308	38,808,915	1,683,041	10,418,259
Add: Loans and borrowings (Note 27)	112,782,037	117,646,476	60,176,591	60,112,232
Total financial liabilities carried at amortised cost	145,364,345	156,455,391	61,859,632	70,530,491

## **29. Trade and other payables (contd.)**

### **(a) Trade payables**

These amounts are non-interest bearing. Trade payables are normally settled within 7 to 90 days.

### **(b) Other payables**

Included in sundry payables of the Group is an amount of RM1,011,161 (2010 : RM1,011,161) representing the balance of amount due arising from the acquisition of certain properties.

### **(c) Amounts due to related parties (current)**

The amounts due to related parties of the Group and of the Company are unsecured, non-interest bearing and are repayable on demand.

Included in the amount are the Funds for Operations and Maintenance (O&M) of the Group amounting to RM8,850,663 (2010 : RM8,589,648) which represents advances from Lekir Bulk Terminal Sdn. Bhd. ("LBT") to a subsidiary, for the purpose of procuring parts/tools and equipment as stipulated under Clause 6.7 of the Operations and Maintenance Agreement dated 30 June 2000 between the subsidiary and LBT. Subsequent to the financial year end, the amount has been fully settled by the subsidiary.

**30. Deferred tax**

Deferred income tax as at 31 December relates to the following:

Group	As at 1 January 2010 RM	Recognised in profit or loss RM	As at 31 December 2010 RM	Recognised in profit or loss RM	As at 31 December 2011 RM
<b>Deferred tax liabilities:</b>					
Property, plant and equipment and port facilities	5,194,047	432,117	5,626,164	221,078	5,847,242
<b>Deferred tax assets:</b>					
Other provision	(38,000)	(248,000)	(286,000)	8,751	(277,249)
	5,156,047	184,117	5,340,164	229,829	5,569,993

**30. Deferred tax (contd.)**

**Presented after appropriate offsetting as follows:**

	Group 2011	2010
	RM	RM
Deferred tax assets	(277,249)	(286,000)
Deferred tax liabilities	5,847,242	5,626,164
	<u>5,569,993</u>	<u>5,340,164</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group 2011	2010
	RM	RM
Unutilised business losses	956,343	939,073
Unabsorbed capital allowances	325,154	303,857
Other deductible temporary differences	241,067	219,217
	<u>1,522,564</u>	<u>1,462,147</u>
Potential deferred tax benefits @ 25%	<u>380,641</u>	<u>365,537</u>

### 31. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 32. Share premium

The share premium account may be applied in paying up unissued shares as fully paid bonus shares.

### 33. Fair value adjustment reserve

	Group 2011 RM	2010 RM
At 1 January	2,953,800	42,046
Available-for-sale financial assets:		
- (loss)/gain on fair value changes	(6,403,771)	2,953,800
- transfer to profit or loss upon disposal	-	(42,046)
At 31 December	<u>(3,449,971)</u>	<u>2,953,800</u>

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.



### **34. Retained earnings**

As at 31 December 2011, the Company has tax exempt profits available for distribution as tax exempt dividends of approximately RM1,134,000 (2010 : RM1,134,000).

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

As at 31 December 2011, the Company has sufficient credit in the 108 balance and balance in the tax exempt income account to pay dividends amounting to approximately RM21,892,000 (2010 : RM23,768,000) out of its retained earnings. The Company may distribute the balance of the retained earnings of approximately RM43,069,000 (2010 : RM36,571,000) as dividends under the single tier system.

### 35. Dividend

Group and Company					
Dividend in respect of Year			Dividends Recognised in Year		
2011	2010	2009	2011	2010	2010
RM	RM	RM	RM	RM	RM
-	1,875,000	1,875,000	1,875,000	1,875,000	1,875,000
Final dividend for 2010:					
2.5% less 25% taxation (2009 : 2.5% less					
25% taxation) on 100,000,000 ordinary shares					
[1.88 sen (2009 : 1.88 sen) per ordinary share]					
Proposed for approval at AGM					
(not recognised as at 31 December):					
Final dividend for 2011:					
3.0% less 25% taxation, on					
100,000,000 ordinary shares					
(2.25 sen per ordinary share)					
2,250,000	-	-	-	-	-
2,250,000	1,875,000	1,875,000	1,875,000	1,875,000	1,875,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2011 of 3% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM2,250,000 (2.25 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2012.

### 36. Related party disclosures

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Transactions with the ultimate holding corporation</b>				
Advances received/(paid)	115,254	(661,809)	-	-
Disbursements	-	(338,112)	-	(338,112)
Management fee expense	800,000	800,000	800,000	800,000
Project expenditure	800,000	800,000	800,000	800,000
Rental payable	258,895	258,895	258,895	258,895
Project management income	(23,600)	(22,280)	-	-
Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
Transfer of debts	-	(931,123)	-	-
Purchase of land	540,000	-	-	-
Repayment of advances	231,421	4,803,318	100,953	109,023
<b>Transactions with subsidiaries</b>				
Repayment of advances	-	-	963,677	19,164,966
Advances paid	-	-	(1,177,700)	(20,337,974)
Accounting fees	-	-	(11,492)	(44,578)
Management fee income	-	-	(132,000)	(132,000)
Contra payments with progress claims	-	-	(2,839,900)	-
Contra of lands for settlement of debts	-	-	8,640,000	-
Recharge of property development cost	-	-	7,468,217	32,249
<b>Transactions with fellow subsidiaries of the ultimate holding corporation</b>				
Interest income	(910,136)	(866,359)	(910,136)	(866,359)
Advances paid	(5,018,963)	(1,405,827)	(3,112,122)	(1,405,828)
Management fees	(360,000)	(300,000)	-	-
Repayment of advances	3,303,805	335,773	3,298,805	55,773

### 36. Related party disclosures (contd.)

#### Transactions with related parties

Companies in which a director, Amin bin Halim Rasip of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Management fee expense	-	500,000	-	-
Port services payable	-	6,085,500	-	-
Fixed monthly charges	108,000	108,000	-	-
Port services receivable	(30,035,062)	(29,322,236)	-	-
Waiver of debts	(50,000)	-	-	-

Account balances with significant related parties of the Group and of the Company at year end are as follows:

#### Account balances with the ultimate holding corporation

Receivables	7,023,424	6,622,769	183,717	120,016
Payables	(696,337)	(696,337)	-	-

#### Account balances with subsidiaries

Receivables (including equity loans)	-	-	200,829,889	214,831,691
Payables	-	-	-	(1,091,000)

#### Account balances with fellow subsidiaries of ultimate holding corporation

Receivables	108,724,217	105,738,923	106,148,850	105,425,397
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### 36. Related party disclosures (contd.)

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>

A corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., a company in which a director of the subsidiary, Amin bin Halim Rasip has substantial interests:

Integrax Bhd	-	(50,587)	-	-
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Companies in which a director, Amin bin Halim Rasip of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., has substantial interests:

Receivables	13,064,703	9,167,247	-	-
Payables	(9,075,663)	(8,702,586)	-	-

The remuneration of directors and other members of key management during the year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>

Salaries and allowances	1,916,220	1,583,408	567,531	591,861
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Included in the total remuneration of key management personnel are:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>

Directors' remuneration	294,400	288,600	174,400	168,600
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### 37. Commitments

#### (a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>(i) Authorised but not contracted for:</b>				
Property, plant and equipment	55,000	30,000	15,000	10,000
Port facilities	1,087,000	2,475,000	-	-
Land and buildings	4,665,091	41,641,025	-	-
Renovations on building	500,000	-	440,000	-
Additional share purchase under other investment	19,540,000	-	-	-
	<u>25,847,091</u>	<u>44,146,025</u>	<u>455,000</u>	<u>10,000</u>
<b>(ii) Authorised and contracted for:</b>				
Port facilities	-	7,115,218	-	-
Land and buildings	<u>71,075,963</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>71,075,963</u>	<u>7,115,218</u>	<u>-</u>	<u>-</u>

#### (b) Operating lease commitments - as lessor

A subsidiary has entered into a non-cancellable operating lease agreement to rent out an investment property to a third party.

This lease has remaining non-cancellable lease terms for the period of 5 years, commencing on 1 August 2011. The lease includes a clause with an option to renew the lease at the written request given not less than two months before the expiration of the lease term and upward revision of the rental charge on a yearly basis which shall not be more than ten percent of the last monthly rental upon renewal of the lease.

### 37. Commitments (contd.)

#### (b) Operating lease commitments - as lessor (contd.)

The future minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>
Not later than 1 year	120,000	-
Later than 1 year and not later than 5 years	430,000	-
	<u>550,000</u>	<u>-</u>

The rental income recognised in profit or loss is disclosed in Note 8 and no contingent rent has been recognised during the financial year.

### 38. Significant and/or recurring events

- (a) On 22 October 2010, the Company had entered into a Conditional Sale and Purchase Agreement ("the Agreement") with Prominent Xtreme Sdn. Bhd. ("Prominex") to dispose of its entire equity interest in an associate, West Coast Expressway Sdn. Bhd. ("WCE"), comprising 3.31 million ordinary shares @ RM1.00 each, representing 12.19% of the issued and paid up share capital of WCE for a total consideration of RM4 million ("the Proposed Disposal"), subject to fulfillment of certain conditions precedent.

Upon signing of agreement, PCB had received RM400,000 as earnest deposit.

On 18 March 2011, the Company received full payment of the balance purchase price of RM3.6 million from Prominex. However, the entire amount paid by Prominex is refundable in the event that the Proposed Disposal is not approved by the relevant authorities.

On 12 October 2011, the Company and Prominex mutually agreed to waive the fulfillment of the remaining conditions precedent set in the Agreement.

Upon the waiver, the disposal of WCE by the Company to Prominex was deemed completed and WCE ceased to be an associate of the Company.

### 38. Significant and/or recurring events (contd.)

- (b) On 28 October 2010, Taipan Merit Sdn. Bhd. ("TMSB"), a subsidiary of the Company had terminated the Shareholders Agreement dated 21 September 2001 as amended by Addendum No 1 of 21 September 2001 and Addendum No 2 of 1 December 2003 (collectively referred to as the "SHA") between TMSB and Integrax Berhad ("Integrax") governing the management of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB") which is in turn a subsidiary of TMSB ("Termination") for fundamental breach in respect of the unilateral actions of Integrax on 8 October 2010 in taking control of the management of LMTSB was alleged an usurpation of the powers of the Board of Directors of LMTSB to run the business affairs of LMTSB in contravention of the SHA and being in non-compliance of Section 131B of the Companies Act, 1965.

Following the Termination, Integrax had on 10 November 2010 issued a notice to arbitrate the alleged unlawful Termination by TMSB.

On 5 October 2011, TMSB entered into a new shareholders' agreement with Pelabuhan Lumut Sdn. Bhd. ("PLSB"), a wholly owned subsidiary of Integrax. The execution of the new shareholders' agreement terminated the SHA.

On 6 October 2011, the Order for Termination was issued by the arbitration panel and the consent order issued by the High Court pursuant to the Originating Summons shall no longer have force or effect.

- (c) During the year, PCB Development Sdn. Bhd. ("PCBD"), a subsidiary agreed to dispose certain parcels of land ("the land") to Casuarina Hotel Management Sdn. Bhd. ("CHMSB"), a subsidiary, for a total consideration of RM10,221,354.

On 29 April 2011, PCBD entered into a sale and purchase agreement ("the Agreement") with CHMSB ("the vendor") and Curah Bahagia Sdn. Bhd. ("the purchaser"), a company incorporated in Malaysia, to dispose the said land to the purchaser for a total consideration of RM12,181,554.

Upon execution of the Agreement, CHMSB received a deposit of RM1,218,154 from the purchaser.

As at the date of this report, the sale of the land has yet to be completed due to the terms and conditions of the Agreement have yet to be fulfilled.



### 38. Significant and/or recurring events (contd.)

- (d) On 6 May 2011, the Company, Taipan Merit Sdn. Bhd. ("TMSB") and five other defendants ("the Defendants") received a writ of summons and statement of claim from Tenaga Nasional Berhad (TNB) ("the Plaintiff"), a major shareholder of Integrax, to seek a declaration that the Defendants were acting in concert for an alleged breach of the take over code.

However, on 1 March 2012, the Plaintiff applied to withdraw the suit without liberty to file afresh and the withdrawal was agreed by TMSB and the Company with no order as to the cost.

- (e) On 27 December 2011, the Company entered into a Settlement Agreement ("the Agreement") with Premium Meridian Sdn. Bhd. ("PMSB"), a subsidiary, for the purpose of settlement of intercompany balances owed by PMSB to the Company amounting to RM9,640,000 ("the Sum Due").

Pursuant to the Agreement, the Sum Due will be settled by way of the following:

- (i) PMSB surrendering to the Company full rights and liabilities of ownership of certain parcel of lands ("the Contra Land") comprising 48 acres of land located at Batang Padang, Mukim Hulu Bernam Timur, Perak at the agreed contra rate value of RM180,000 per acre, thereby setting off the sum of RM8,640,000;
- (ii) assignment of sales proceeds receivables by PMSB to the Company totalling RM500,000; and
- (iii) cash payment of RM500,000 within six months from the date of agreement.

As at the reporting date, PMSB has surrendered the Contra Land to the Company upon execution of the Agreement.

### 38. Significant and/or recurring events (contd.)

- (f) On 28 December 2011, the Company entered into a Settlement Agreement ("the Agreement") with PCB Development Sdn. Bhd. ("PCBD"), a subsidiary, for the purpose of settlement of intercompany balances owed by PCBD to the Company amounting to RM33,737,361 ("the Sum Due").

Pursuant to the Agreement, PCBD had proposed a scheme of arrangement ("the Settlement Scheme") to repay the Sum Due by way of the following:

- (a) Contra of infrastructure contract work performed by PCBD for the Company totalling RM7,468,217 which has been completed at date of agreement;
- (b) Payment through the sale proceeds of land receivable by PCBD of RM2,674,367 which is due in January 2012;
- (c) Payment through the sale proceeds of land receivable by PCBD of RM592,416 which will be due in 2012;
- (d) Payment through the proposed sale proceeds of land to be made by PCBD in 2012 amounting to RM11,660,577;
- (e) Contra of infrastructure contract work to be performed by PCBD for the Company in 2012 amounting to RM7,892,681; and
- (f) Contra of other infrastructure contract work to be performed by PCBD for the Company or in cash amounting to RM3,449,103.

As at the reporting date, the Sum Due under clause (a), (b) and (f) have been settled.

### 39. Subsequent events

- (a) On 28 February 2012, the Company entered into a conditional Settlement Agreement ("Settlement Agreement") with Perak Equity Sdn. Bhd. ("PESB"), a fellow subsidiary of its ultimate holding corporation to partially settle the total debt of RM104.62 million owing as at 31 December 2011 by PESB to the Company by way of set-off against the total purchase consideration of RM70.27 million for two properties to be acquired by the Company from PESB ("Proposed Settlement").

In tandem with the execution of the Settlement Agreement on 28 February 2012, the Company entered into two separate conditional Sale and Purchase Agreements ("S&P Agreements") to acquire the Settlement Lands from PESB ("Proposed Acquisitions").

### 39. Subsequent events

#### (a) (contd.)

The Settlement Lands with a total attributed value of RM70.27 million consist of the following:

- (1) 1,002.939 acres of land to be provided with main infrastructure for the purpose of development of Bio-Tech Industrial Park, Forest Arboretum Technology Park and Herbal Park located at a proposed Perak Hi-Tech Park ("PHTP"), Off Jalan Kanthan/Sg Siput, Kanthan, Perak valued at RM38.13 million comprising:
  - (i) 96.118 acres of industrial land together with main infrastructure with an attributed value of RM17.80 million; and
  - (ii) 906.821 acres of agricultural land together with main infrastructure with an attributed value of RM20.33 million.

*(collectively known as the "PHTP Lands")*

- (2) Lands and buildings at Teluk Dalam Resort located at Pantai Teluk Dalam, Pulau Pangkor, Perak, valued at RM32.14 million comprising:
  - (i) land measuring approximately 10.33 acres together with one block of main building, office, cafeteria, hall, 32 units of chalets (Tanjung-Seaview) and 69 units of chalets (Melati) erected on the land with an attributed value of RM23.63 million; and
  - (ii) land measuring approximately 4.17 acres together with 34 units of bungalow chalets erected on the land with an attributed value of RM8.51 million,

all in 35 titles of land all in the Mukim of Lumut, District of Manjung in the state of Perak Darul Ridzuan, with one title, namely, H.S.(D) 29371, P.T. No. 13222 in Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan, designated as Malay Reserved Land ("Reserved Land").

*(collectively known as the "Teluk Dalam Lands")*

Upon the fulfillment of certain conditions precedent, the Company expects the Proposed Settlement and Proposed Acquisitions to be completed within the following timeframe:

- (i) PHTP Lands – within two (2) years from the Unconditional Date upon which the main infrastructure is expected to be completed.
- (ii) Teluk Dalam Lands – by the end of 2012.

### 39. Subsequent events (contd.)

#### (a) (contd.)

The Proposed Settlement and Proposed Acquisitions are subject to fulfillment of conditions precedent of the Agreements and the approvals of the following:

- (i) the Shareholders of the Company at an Extraordinary General Meeting to be convened; and
  - (ii) the relevant authorities for the transfer of the issue document of titles of the Settlement lands.
- (b) On 23 March 2012, PCB Development Sdn. Bhd. ("PCBD") entered into a Heads of Agreement with Sanderson Project Development (Malaysia) Sdn. Bhd. ("SPDM") for the participation in a joint venture company ("JV") for the purpose of developing and operating an international standard animation theme park, resort hotel and serviced apartment on certain parcels of land at Bandar Meru Raya, Ipoh, Perak ("Project"). The intended equity participation in the JV shall be 20% to be held by PCBD and 80% to be held by SPDM.

PCBD is the land owner and developer of BioD City at Bandar Meru Raya, Ipoh, Perak, which is a master planned development comprising residential, commercial, retail and leisure precincts whereas SPDM is a special purpose vehicle set up particularly for the Project by Sanderson Group Pty Ltd group of companies which is an internationally reputable and well known group of companies in the business of design, construction and operations of international tourist and leisure destinations around the world. The gross development value is estimated at RM506.7 million approximately to develop the Project. SPDM will negotiate with third parties in relation to raising funds for the JV to develop the Project.

The Heads of Agreement enables the contracting parties to negotiate on an exclusive basis on the formation of the JV for the purpose of developing and operating the Project and to undertake that they shall not enter into similar discussions with any other party in relation to developing any other similar or competing project on or near the proposed site at Bandar Meru Raya, Ipoh, Perak whilst the Heads of Agreement is still subsisting.

The JV will have full responsibility for the recruitment and employment of the workforce required to operate the Project.

### **39. Subsequent events (contd.)**

#### **(b) (contd.)**

The JV will enter into a turnkey construction contract with SPDM, or a company under the Sanderson Group Pty Ltd group of companies to provide turnkey construction services to develop the Project which will include the design, fabrication, construction, project management and operations establishment of the Project. The JV will also enter into a series of agreements including with related and non-related companies of Perbadanan Kemajuan Negeri Perak, the ultimate holding corporation, to provide services for the Project including the licensing of intellectual property and production of media content.

The rationale of the Project is to fulfil the BioD initiative development as well as to complement the development of BioD City and BioD Eco-Tourism undertaken by the Group to facilitate the national strategic policies providing various conducive environments for optimal economic growth.

PCBD and SPDM will enter into a Shareholders Agreement and a definitive Agreement within 6 months from the date of the Heads of Agreement or any extension as may be mutually agreed upon by the contracting parties to regulate the rights and obligations of the contracting parties and ensure the smooth running of the Project.

#### 40. Fair value of financial instruments

##### (a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
<b>Group</b>				
<b>At 31 December 2011</b>				
<b>Financial assets:</b>				
Available-for-sale financial assets				
- Quoted shares (Note 19)	28,001,687	-	-	28,001,687
<b>As 31 December 2010</b>				
<b>Financial assets:</b>				
Available-for-sale financial assets				
- Quoted shares (Note 19)	33,000,000	-	-	33,000,000

##### Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs)

#### 40. Fair value of financial instruments (contd.)

##### (a) Fair value of financial instruments that are carried at fair value (contd.)

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 31 December 2011 and 2010.

The Group does not have any financial liabilities carried at fair values nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2011 and 2010.

##### Determination of fair value

Fair value is determined directly by reference to their published market bid price at reporting date.

##### (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

		Group 2011		Company 2011	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets :</b>					
Other investments (non-current)					
- Unquoted shares in Malaysia	19	16,341	#	16,341	#
<b>Financial liabilities</b>					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	27	35,000,000	27,991,993	-	-
- Hire purchase and finance lease liabilities	28	549,182	671,435	124,981	134,560

#### 40. Fair value of financial instruments (contd.)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (contd.)

		Group 2010		Company 2010	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets :</b>					
Other investments (non-current)					
- Unquoted shares in Malaysia	19	16,341	#	16,341	#
<b>Financial liabilities :</b>					
Loans and borrowings (non-current)					
- Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	27	40,000,000	37,158,217	-	-
- Hire purchase and finance lease liabilities	28	363,593	388,431	80,895	86,281

# Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other investments - quoted shares (non-current)	19
Trade and other receivables (current)	22
Loans and borrowings (current)	27
Loans and borrowings (non-current)	27
Trade and other payables (current)	29



#### **40. Fair value of financial instruments (contd.)**

##### **(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (contd.)**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the non-current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### **41. Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange, credit and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

##### **(i) Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no substantial long-term interest-bearing assets as at 31 December 2011. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

#### 41. Financial risk management objectives and policies (contd.)

##### (i) Interest rate risk (contd.)

###### Sensitivity analysis for the interest rate risk

	Note	Effective interest rate per annum		Group		Company	
		2011 (%)	2010 (%)	2011 RM	2010 RM	2011 RM	2010 RM
Loans and borrowings							
- Hire purchase and finance lease liabilities	(a)	2.35 - 3.88	2.35 - 3.88	782,037	646,476	176,591	112,232
- BalDS	(b)	7.5	7.5	40,000,000	45,000,000	-	-
- Margin loan share financing	(c)	9	9	12,000,000	12,000,000	-	-
- Revolving credits	(d)	5.9	5.9	60,000,000	60,000,000	60,000,000	60,000,000
				<u>112,782,037</u>	<u>117,646,476</u>	<u>60,176,591</u>	<u>60,112,232</u>

(a) Any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group and the Company.

(b) The Group did not account for the fixed rate BalDS at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect the financial performance of the Group.

(c) The interest rate charged by the financial institution is at fixed rate. The amount is repayable on demand. The Group expects that any fluctuation or revision in interest rate will have no significant impact on the financial performance of the Group.

(d) The borrowings are given to a subsidiary of the ultimate holding corporation and all interest being charged by the bank are also being recharged to the fellow subsidiary. The Company also charged 3% administrative charges for any amount of interest that was paid on its behalf. Therefore, any fluctuation in interest rate is not expected to have a material impact on the financial performance of the Group.

#### **41. Financial risk management objectives and policies (contd.)**

##### **(ii) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### 41. Financial risk management objectives and policies (contd.)

##### (ii) Liquidity risk (contd.)

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

At 31 December 2011		Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>Group</b>									
<b>Financial liabilities:</b>									
Trade and other payables	29		32,582,308	-	-	-	-	-	32,582,308
Loan and borrowings									
- Hire purchase and finance lease liabilities	28		276,480	240,289	185,133	136,289	43,765	-	881,956
- Bai Bithaman Ajil Islamic Debt Securities	27		8,000,000	7,625,000	7,250,000	11,875,000	11,125,000	5,187,500	51,062,500
- Margin loan for share financing	27		12,000,000	-	-	-	-	-	12,000,000
- Revolving credits	27		60,000,000	-	-	-	-	-	60,000,000

41. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

At 31 December 2011	Note	Within 1 year					4 - 5 years	More than 5 years	Total
		RM	1 - 2 years	2 - 3 years	3 - 4 years	RM			
Company									
Financial liabilities:									
Trade and other payables	29	1,683,041	-	-	-	-	-	-	1,683,041
Loan and borrowings									
- Hire purchase and finance lease liabilities	28	60,888	49,744	41,784	27,661	17,235	-	-	197,312
- Revolving credits	27	60,000,000	-	-	-	-	-	-	60,000,000

41. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

At 31 December 2010		Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>Group</b>									
<b>Financial liabilities:</b>									
Trade and other payables	29		38,808,915	-	-	-	-	-	38,808,915
Loan and borrowings									
- Hire purchase and finance lease liabilities	28		314,138	169,452	133,261	83,805	23,561	-	724,217
- Bai Bithaman Ajil Islamic Debt Securities	27		8,375,000	8,000,000	7,625,000	7,250,000	11,875,000	16,312,500	59,437,500
- Margin loan for share financing	27		12,000,000	-	-	-	-	-	12,000,000
- Revolving credits	27		60,000,000	-	-	-	-	-	60,000,000

41. Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

At 31 December 2010	Note	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>Company</b>								
<b>Financial liabilities:</b>								
Trade and other payables	29	10,418,259	-	-	-	-	-	10,418,259
Loan and borrowings								
- Hire purchase and finance lease liabilities	28	37,908	37,908	26,764	18,804	4,681	-	126,065
- Revolving credits	27	60,000,000	-	-	-	-	-	60,000,000

#### **41. Financial risk management objectives and policies (contd.)**

##### **(iii) Foreign exchange risk**

The Group's sales transactions are mainly in Malaysian Ringgit and are thus not exposed to foreign exchange risk.

##### **(iv) Credit risk**

The Group's credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as on a case by case basis, especially for the purchasers of land.

##### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

At the reporting date, approximately 77% (2010 : 85%) of the Group's trade and other receivables were due from related parties while 99% (2010 : 97%) of the Company's receivables were balances with related parties.

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

##### **(v) Market price risk**

The Group's principal exposure to market price risk arises mainly from changes in equity prices. The Group does not use derivative financial instruments to manage equity risk. Equity investments classified as non-current are held for the long term and the Group keeps itself updated on the latest financial performance and viability of such investments.



#### 41. Financial risk management objectives and policies (contd.)

##### (v) Market price risk (contd.)

###### Sensitivity analysis for market price risk

At the reporting date, if the stock exchange quoted market bid prices had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been approximately RM1,400,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

#### 42. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the businesses.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to ensure that the gearing ratio is kept low in order that it does not exceed 30% as far as possible to enable the Group to meet its financial obligations without encountering difficulties. The gearing equity ratios at 31 December 2011 and 2010 were as follows:

	Note	Group 2011 RM	2010 RM
Total loans and borrowings	27	112,782,037	117,646,476
Trade and other payables	29	32,582,308	38,808,915
Less: Cash and cash equivalents	24	(146,713,619)	(146,604,062)
Net debt		<u>(1,349,274)</u>	<u>9,851,329</u>
Equity attributable to the owners of the parent		431,362,626	410,043,255
Add/(Less): - Fair value adjustment reserve		<u>3,449,971</u>	<u>(2,953,800)</u>
Total capital		<u>434,812,597</u>	<u>407,089,455</u>
<b>Capital and net debt</b>		<u><b>433,463,323</b></u>	<u><b>416,940,784</b></u>
<b>Gearing ratio</b>		<u><b>0%</b></u>	<u><b>2%</b></u>

#### **43. Segmental information**

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group is organised into three major business segments:

##### **(i) Infrastructure**

Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

##### **(ii) Township development**

The township development of real property and ancillary services; and

##### **(iii) Management services and others**

Provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of the Group's business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Within the Group's business segments, the financing resources (including finance costs) and income taxes are not apportioned to the individual strategic operating units. These are managed and allocated as a whole against the total operating profit or loss of the business segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

43. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>31 December 2011</b>							
<b>Revenue:</b>							
External revenue	97,217,346	24,713,139	6,977,551	128,908,036	-		128,908,036
Inter-segment revenue	-	1,458,000	19,245,333	20,703,333	(20,703,333)	<b>A</b>	-
Total revenue	97,217,346	26,171,139	26,222,884	149,611,369	(20,703,333)		128,908,036
<b>Results:</b>							
Interest income	1,768,885	1,602,929	4,326,019	7,697,833	-		7,697,833
Dividend income	-	-	22,313,335	22,313,335	(19,113,335)	<b>B</b>	3,200,000
Depreciation	(2,690,058)	(287,453)	(252,079)	(3,229,590)	-		(3,229,590)
Finance costs	(3,356,890)	(20,599)	(1,152,463)	(4,529,952)	-		(4,529,952)
Reportable segment profit before income tax	47,367,013	13,059,492	22,539,719	82,966,224	(19,326,072)	<b>B</b>	63,640,152
Reportable segment profit after income tax	35,331,486	10,098,161	17,166,435	62,596,082	(15,212,739)	<b>C</b>	47,383,343

43. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Total RM	Adjustments and eliminations RM	Per consolidated financial statements RM
<b>31 December 2011 (contd.)</b>						
<b>Other non-cash items:</b>						
Allowance for impairment in receivables	1,059,987	-	48,028	1,108,015	(48,028)	1,059,987
Fair value loss on other investments	-	-	6,403,771	6,403,771	-	6,403,771
Gain on disposal of:						
- property, plant and equipment	-	(18,498)	(16,497)	(34,995)	-	(34,995)
- port facilities	(84,999)	-	-	(84,999)	-	(84,999)
Gain from disposal of investments in associate	-	-	(7,207)	(7,207)	(2,007,231)	(2,014,438)
Property, plant and equipment written off	329	-	-	329	-	329
Port facilities written off	157,675	-	-	157,675	-	157,675
Provision for retirement benefits	-	-	36,000	36,000	-	36,000
Reversal of provision for retrenchment benefits no longer required	-	-	(7,417)	(7,417)	-	(7,417)
Reversal of allowance for impairment loss in receivables	(625,643)	-	-	(625,643)	-	(625,643)
Waiver of late payment interest	-	(1,395,007)	(1,305,612)	(2,700,619)	-	(2,700,619)
Waiver of debts	(50,000)	-	-	(50,000)	-	(50,000)
<b>Assets and liabilities</b>						
Additions to non-current assets						
Property, plant and equipment	296,866	2,353,262	5,193,033	7,843,161	(1,458,000)	6,385,161
Port facilities	2,466,252	-	-	2,466,252	-	2,466,252
Investment properties	-	1,300,000	-	1,300,000	-	1,300,000
Other investments	-	-	1,405,458	1,405,458	-	1,405,458
Reporting segment assets	220,217,109	140,037,096	611,900,223	972,154,428	(296,896,584)	675,257,844
Reporting segment liabilities	(63,718,259)	(40,191,086)	(80,031,618)	(183,940,963)	29,099,644	(154,841,319)

43. Segmental information (contd.)

	31 December 2010				Adjustments and eliminations RM	Total RM	Per consolidated financial statements RM
	Infrastructure RM	Township development RM	Management services and others RM				
<b>Revenue</b>							
External revenue	79,952,812	10,874,321	12,670,989		-	103,498,122	103,498,122
Inter-segment revenue	-	14,115,440	2,697,345		(16,812,785)	16,812,785	-
Total revenue	79,952,812	24,989,761	15,368,334		(16,812,785)	120,310,907	103,498,122
<b>Results</b>							
Interest income	1,171,556	154,673	4,353,542		-	5,679,771	5,679,771
Dividend income	-	-	2,679,985		(2,565,345)	2,679,985	114,640
Depreciation	(2,549,132)	(237,178)	(208,306)		-	(2,994,616)	(2,994,616)
Finance costs	(3,736,886)	(7,797)	(113,266)		-	(3,857,949)	(3,857,949)
Share of loss of associate	-	-	-		(1,437)	-	(1,437)
Reportable segment profit before income tax	38,628,634	6,443,072	8,883,376		(7,778,313)	53,955,082	46,176,769
Reportable segment profit after income tax	28,777,996	4,551,966	6,152,655		(7,136,976)	39,482,617	32,345,641

43. Segmental information (contd.)

	Infrastructure RM	Township development RM	Management services and others RM	Total	Adjustments and eliminations RM	Per consolidated financial statements RM
<b>31 December 2010 (contd.)</b>						
<b>Other non-cash items:</b>						
Allowance for impairment in receivables	631,435	-	200,000	831,435	-	831,435
Impairment loss in receivables	57,155	22,072	210,122	289,349	(2,867)	286,482
Property, plant and equipment written off	-	-	14,338	14,338	-	14,338
Provision for retrenchment benefits	-	-	824,283	824,283	-	824,283
Provision for retirement benefits	-	-	37,732	37,732	-	37,732
Fair value gain on other investments	-	-	(2,953,800)	(2,953,800)	-	(2,953,800)
<b>Assets and liabilities</b>						
Additions to non-current assets						
Property, plant and equipment	333,554	163,425	14,284,085	14,781,064	(14,115,440)	665,624
Port facilities	1,693,386	-	-	1,693,386	-	1,693,386
Other investments	-	-	30,046,200	30,046,200	-	30,046,200
Reporting segment assets	207,204,727	142,741,026	616,659,270	966,605,023	(310,757,615)	655,847,408
Reporting segment liabilities	(66,037,359)	(52,993,179)	(88,678,329)	(207,708,867)	43,173,411	(164,535,456)

#### 43. Segmental information (contd.)

**Note**      **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.**

**A**      Inter-segment revenue are eliminated on consolidation.

**B**      The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

	<b>2011 RM</b>	<b>2010 RM</b>
Inter-segment dividends elimination	(19,113,335)	(2,565,345)
Share of loss of associate	-	(1,437)
Inter-segment sales elimination	(10,241,492)	(14,247,440)
Inter-segment costs elimination	10,028,755	9,035,909
	<u>(19,326,072)</u>	<u>(7,778,313)</u>

**C**      The following items are added to/(deducted from) segment profit to arrive at "Profit net of tax" presented in the consolidated statement of comprehensive income.

	<b>2011 RM</b>	<b>2010 RM</b>
Inter-segment dividends elimination	(19,113,335)	(2,565,345)
Share of results of associate	-	(1,437)
Inter-segment sales elimination	(10,241,492)	(14,247,440)
Inter-segment costs elimination	10,028,755	9,035,909
Unallocated corporate expenses	4,113,333	641,337
	<u>(15,212,739)</u>	<u>(7,136,976)</u>

**D**      The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2011 RM</b>	<b>2010 RM</b>
Inter-segment assets elimination		
- subsidiaries	(320,707,587)	(332,561,387)
- associate	-	(2,007,231)
Goodwill on consolidation	23,811,003	23,811,003
	<u>(296,896,584)</u>	<u>(310,757,615)</u>

#### 43. Segmental information (contd.)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)
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E	The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:
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	2011 RM	2010 RM
Inter-segment assets/liabilities elimination - subsidiaries	29,099,644	43,173,411

#### 44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 27 April 2012.

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**45. Supplementary information - breakdown of retained profits into realised and unrealised**

The breakdown of the retained profits of the Group and the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total retained profits of the Company and its subsidiaries				
- Realised	201,258,260	225,210,181	64,961,684	60,339,655
- Unrealised	(5,569,993)	(5,340,164)	-	-
	<u>195,688,267</u>	<u>219,870,017</u>	<u>64,961,684</u>	<u>60,339,655</u>
Total share of retained profits from associate				
- Realised	-	(2,007,231)	-	-
- Unrealised	-	-	-	-
	<u>195,688,267</u>	<u>217,862,786</u>	<u>64,961,684</u>	<u>60,339,655</u>
Less:				
Consolidation adjustments	<u>(33,646,110)</u>	<u>(83,543,771)</u>	<u>-</u>	<u>-</u>
Retained profits as per financial statements	<u>162,042,157</u>	<u>134,319,015</u>	<u>64,961,684</u>	<u>60,339,655</u>

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**Perak Corporation Berhad**  
(Company No. 210915-U) INCORPORATED IN MALAYSIA

# FORM OF PROXY

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member/members of **PERAK CORPORATION BERHAD**, hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf, at the **TWENTY-FIRST ANNUAL GENERAL MEETING** of the Company to be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Friday, 29 June 2012 at 10:00 a.m. to transact the following businesses:

No.	Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2011 together with the Report of the Directors and Auditors thereon.		
2.	To approve the payment of a first and final dividend of 3 sen per share less income tax for the year ended 31 December 2011.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2011.		
4.	To re-elect Dato' Dr Vasan a/I Sinnadurai who retires in accordance with Article 80 of the Company's Articles of Association.		
5.	To re-elect YB Datuk Dr Wan Norashikin binti Wan Noordin who retires in accordance with Article 80 of the Company's Articles of Association.		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	As special Business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_.

Number of ordinary shares held

Signature/Seal

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 25 June 2012 will be entitled to attend and vote at the meeting.
7. The registration for the above Meeting will commence on Friday, 29 June 2012 at 9:30 a.m.

First Fold

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THE SECRETARY

**PERAK CORPORATION BERHAD** Co. No. 210915-U

D-3-7, Greentown Square,  
Jalan Dato' Seri Ahmad Said,  
30450 Ipoh,  
Perak Darul Ridzuan, Malaysia.

stamp

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Second Fold

**PERAK CORPORATION BERHAD (210915-U)**

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