

PERAK CORPORATION BERHAD
(210915-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial
Statements
31 December 2011

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**

Contents	Pages
Directors' report	1 - 5
Statement by directors	6
Statutory declaration	6
Independent auditors' report	7 - 9
Statements of comprehensive income	10 - 11
Statements of financial position	12 - 13
Statements of changes in equity	14 - 16
Statements of cash flows	17 - 19
Notes to the financial statements	20 - 124
Supplementary information	125

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

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

	Group RM	Company RM
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.

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**

Dividend

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

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

RM

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

1,875,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2011, of 3.0% 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 Abakri 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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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:

The Company	Number of ordinary shares of RM1 each			
	1 January 2011	Bought	Sold	31 December 2011
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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**


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

210915-U

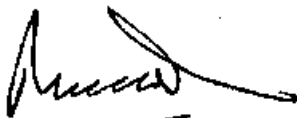
Perak Corporation Berhad
(Incorporated in Malaysia)

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

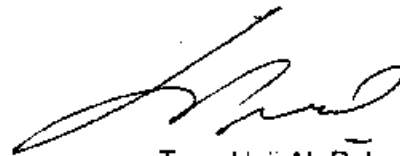
We, YB Dato' Nasarudin Bin Hashim and Tuan Haji Ab Rahman Bin Mohammed, being two of the directors of Perak Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 124 are drawn up in accordance with Financial Reporting Standards 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(15) 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.

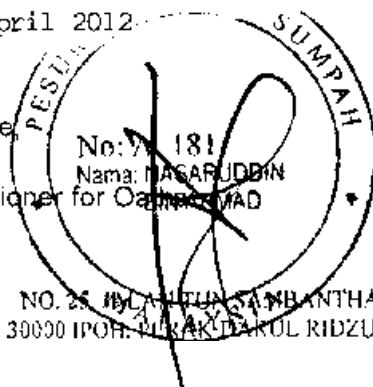
Subscribed and solemnly declared
by the abovenamed Harbhajan Singh A/L
Ujagar Singh, AMP, PPT at Ipoh
in the State of Perak Darul Ridzuan
on 27 April 2012.



Harbhajan Singh A/L
Ujagar Singh, AMP, PPT

Before me,

Commissioner for Oaths



NO. 25, JALAN TUN SAMPANTHAN,
30000 IPOH, PERAK DARUL RIDZUAN.

210915-U

**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.

210915-U

**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

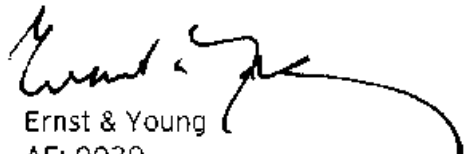
The supplementary information set out in Note 45 on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and 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.

210915-U

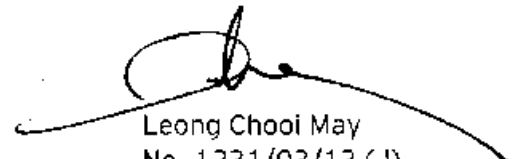
Independent auditors' report to the members of
Perak Corporation Berhad (contd.)

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

Perak Corporation Berhad
(Incorporated in Malaysia)

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

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
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)
Gross profit		<u>80,787,965</u>	<u>63,369,610</u>	<u>8,772,291</u>	<u>7,479,896</u>
Other items of income					
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
Other items of expense					
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)	-	-
Profit before tax	8	<u>63,640,152</u>	<u>46,176,769</u>	<u>8,304,066</u>	<u>7,146,078</u>
Income tax expense	11	(16,256,809)	(13,831,128)	(1,807,037)	(2,304,457)
Profit net of tax		<u>47,383,343</u>	<u>32,345,641</u>	<u>6,497,029</u>	<u>4,841,621</u>
Other comprehensive income:					
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)	-	-
		<u>(6,403,771)</u>	<u>2,911,754</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>40,979,572</u>	<u>35,257,395</u>	<u>6,497,029</u>	<u>4,841,621</u>

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

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

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Profit attributable to:					
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>
Total comprehensive income attributable to:					
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>
Earnings per share attributable to owners of the parent (sen per share):					
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.

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Assets					
Non-current assets					
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>
Current assets					
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>
Total assets		<u>675,257,844</u>	<u>655,847,408</u>	<u>399,591,756</u>	<u>404,218,971</u>
Equity and liabilities					
Current liabilities					
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>
Net current assets		<u>351,675,473</u>	<u>325,376,947</u>	<u>152,664,509</u>	<u>143,950,260</u>

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Non-current liabilities					
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>
Total liabilities		<u>154,841,319</u>	<u>164,535,456</u>	<u>61,859,632</u>	<u>71,108,876</u>
Net assets		<u>520,416,525</u>	<u>491,311,952</u>	<u>337,732,124</u>	<u>333,110,095</u>
Equity attributable to owners of the parent					
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	-	-
Total equity		<u>520,416,525</u>	<u>491,311,952</u>	<u>337,732,124</u>	<u>333,110,095</u>
Total equity and liabilities		<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.

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

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

2011 Group	Note	Equity total RM	Equity attributable to owners of the parent total RM		Non distributable		Attributable to owners of the parent		Non distributable		Non- controlling interests RM
			Share capital RM	Share premium RM	Share capital RM	Share premium RM	Retained earnings RM	Fair value adjustment reserve RM			
Opening balance at 1 January 2011		491,311,952	410,043,255	100,000,000	172,770,440	134,319,015	2,953,800			81,268,697	
Total comprehensive income		40,979,572	23,194,371	-	-	29,598,142	(6,403,771)			17,785,201	
Transactions with owners	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	(3,449,971)			89,053,899	

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)Statements of changes in equity
For the financial year ended 31 December 2011 (contd.)

2010 Group	Note	Equity total RM	Attributable to owners of the parent			Share premium RM	Share capital RM	Distributable Retained earnings RM	Non distributable		Non- controlling interests RM
			Equity attributable to owners of the parent total RM	Share capital RM	Share premium RM				Fair value adjustment reserve RM	Fair value adjustment reserve RM	
Opening balance at 1 January 2010		467,436,447	391,251,103	100,000,000	172,770,440	118,438,617	42,046	76,185,344			
Total comprehensive income		35,257,395	20,667,152	-	-	17,755,398	2,911,754	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	2,953,800	81,268,697			

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

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

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

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Operating activities				
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	-	-
Adjustments for carried forward	(1,951,173)	2,037,868	(7,997,775)	(4,729,727)

Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2011 (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Adjustments for brought forward	(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)
Operating cash flows before changes in working capital	58,938,360	48,214,637	(999,321)	2,416,351
Changes in working capital:				
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)
Net cash flows from/(used in) operating activities	20,769,485	40,372,627	(8,897,820)	(2,608,799)
Investing activities				
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)
Net cash flows from/(used in) investing activities	1,076,062	(28,011,096)	9,305,776	2,137,087

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Perak Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2011 (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Financing activities				
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)	(35,841)	(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	-	-
Net cash flows (used In)/from financing activities	(21,893,862)	1,142,282	(1,918,653)	3,191,793
Net (decrease)/increase in cash and cash equivalents	(48,315)	13,503,813	(1,510,697)	2,720,081
Cash and cash equivalents at 1 January	137,955,872	124,452,059	11,635,620	8,915,539
Cash and cash equivalents at 31 December	137,907,557	137,955,872	10,124,923	11,635,620
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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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").

Perak Corporation Berhad
(Incorporated in Malaysia)

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;

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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%

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

**Perak Corporation Berhad
(Incorporated in 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).

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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).

Perak Corporation Berhad
(Incorporated in Malaysia)

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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).

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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).

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

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**Perak Corporation Berhad
(Incorporated in Malaysia)**

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>

Perak Corporation Berhad
(Incorporated in Malaysia)

5. Interest income

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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	-
	<u>7,697,833</u>	<u>5,679,771</u>	<u>2,875,378</u>	<u>2,596,326</u>

6. Other income

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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	-	-	-
	<u>3,826,814</u>	<u>3,161,709</u>	<u>65,458</u>	<u>331,511</u>

7. Finance costs

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
BalDS 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
	<u>4,529,952</u>	<u>3,857,949</u>	<u>8,012</u>	<u>7,469</u>

Perak Corporation Berhad
(Incorporated in Malaysia)

8. Profit before tax

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
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	-	-

Perak Corporation Berhad
(Incorporated in Malaysia)

8. Profit before tax (contd.)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
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
	9,118,290	7,996,555	1,059,856	853,228

Perak Corporation Berhad
(Incorporated in Malaysia)

10. Directors' remuneration

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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:

	Group		Company	
	Number of directors		Number of directors	
	2011	2010	2011	2010
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	-	-	-	-

Perak Corporation Berhad
(Incorporated in Malaysia)

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:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Statement of comprehensive income:				
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.

Perak Corporation Berhad
(Incorporated in Malaysia)

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:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
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

Perak Corporation Berhad
(Incorporated in Malaysia)

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.

	Group	
	2011	2010
	RM	RM
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.

Perak Corporation Berhad
(Incorporated in Malaysia)

13. Property, plant and equipment

Group	Land and buildings* RM	Other assets** RM	Capital work in progress RM	Total RM
Cost				
At 1 January 2010	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)
At 31 December 2010	<u>48,110,469</u>	<u>5,066,209</u>	<u>55,508</u>	<u>53,232,186</u>
At 1 January 2011	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)
At 31 December 2011	<u>44,080,411</u>	<u>5,492,356</u>	<u>5,347,190</u>	<u>54,919,957</u>
Accumulated depreciation				
At 1 January 2010	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)
At 31 December 2010	<u>2,083,007</u>	<u>3,496,814</u>	<u>-</u>	<u>5,579,821</u>
At 1 January 2011	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)
At 31 December 2011	<u>2,131,076</u>	<u>3,457,899</u>	<u>-</u>	<u>5,588,975</u>
Net carrying amount				
At 31 December 2010	<u>46,027,462</u>	<u>1,569,395</u>	<u>55,508</u>	<u>47,652,365</u>
At 31 December 2011	<u>41,949,335</u>	<u>2,034,457</u>	<u>5,347,190</u>	<u>49,330,982</u>

Perak Corporation Berhad
(Incorporated in Malaysia)

13. Property, plant and equipment (contd.)

*Land and buildings

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

Perak Corporation Berhad
(Incorporated in Malaysia)

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
Cost				
At 1 January 2010	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	-
At 31 December 2010	<u>3,176,741</u>	<u>1,780,369</u>	<u>109,099</u>	<u>5,066,209</u>
At 1 January 2011	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)
At 31 December 2011	<u>3,027,250</u>	<u>2,356,007</u>	<u>109,099</u>	<u>5,492,356</u>
Accumulated depreciation				
At 1 January 2010	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	-
At 31 December 2010	<u>2,172,145</u>	<u>1,246,894</u>	<u>77,775</u>	<u>3,496,814</u>
At 1 January 2011	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)
At 31 December 2011	<u>2,225,354</u>	<u>1,144,088</u>	<u>88,457</u>	<u>3,457,899</u>

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

13. Property, plant and equipment (contd.)

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

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

210915-U

Perak Corporation Berhad
(Incorporated in Malaysia)

13. Property, plant and equipment (contd.)

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

**Perak Corporation Berhad
(Incorporated in Malaysia)**

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:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
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.

210915-U

**Perak Corporation Berhad
(Incorporated in Malaysia)**

14. Port facilities

Group	Leasehold port land RM	Port structure RM	Port equipment RM	Total RM
Cost				
At 1 January 2010	14,753,610	83,263,954	10,693,556	108,711,120
Additions	-	803,594	889,792	1,693,386
At 31 December 2010	14,753,610	84,067,548	11,583,348	110,404,506
At 1 January 2011	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)
At 31 December 2011	14,753,610	86,324,462	11,029,756	112,107,828
Accumulated depreciation				
At 1 January 2010	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
At 31 December 2010	2,147,234	13,192,032	8,619,279	23,958,545
At 1 January 2011	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)
At 31 December 2011	2,296,170	14,938,032	8,567,646	25,801,848
Net carrying amount				
At 31 December 2010	12,606,376	70,875,516	2,964,069	86,445,961
At 31 December 2011	12,457,440	71,386,430	2,462,110	86,305,980

Perak Corporation Berhad
(Incorporated in Malaysia)

14. Port facilities (contd.)

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

	Group	
	2011	2010
	RM	RM
Port equipment	269,783	326,983

- (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:

	Group	
	2011	2010
	RM	RM
Cash payments	2,466,252	1,693,386

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

	Group	
	2011	2010
	RM	RM
Port equipment	5,607,704	6,206,157